

Iran Urges International Tribunal to Resolve War

By James M. Dorsey
United Press International

TEHRAN — Iran has proposed the creation of an international court to open the way for resolving the war between Iran and Iraq.

Diplomats said that the proposal seemed to be an effort to resolve the conflict without explicitly demanding the overthrow of the Iraqi president, Saddam Hussein. In the past, Iran has consistently demanded Mr. Hussein's removal as a condition for peace.

The latest proposal was made Wednesday by Hashemi Rafsanjani, the speaker of the Majlis, Iran's parliament. He summoned foreign diplomats unexpectedly and said he was speaking on behalf of Ayatollah Ruhollah Khomeini, the country's leader.

In a reference to Iraq, Mr. Rafsanjani told the diplomats that if certain conditions were fulfilled, "it would make it possible for an international court to be set up to determine the punishment to be awarded to the aggressor."

He said that the establishment of an international court would "pave the way for ending the war" that began in September 1980 over border disputes.

The Iranian proposal was made less than a week after Iraq announced a halt in its air and missile strikes against Iranian cities, including Tehran, for 15 days. Iraq said it was taking the step to offer Iranian leaders the opportunity to rethink their conditions for peace.

Mr. Rafsanjani urged the international community to acknowledge that Iraq had begun the war and "had violated international law by attacking Iranian towns and employing chemical weapons."

He also asked the diplomats to convey a letter containing the Iranian proposal to their governments. "We ask you to convey this message to your governments and we await an official reply," he told the diplomats.

Colombian Strike Fails Under Police Pressure

Los Angeles Times Service

BOGOTA — Colombian security forces thwarted a national strike Thursday against the economic and political policies of President Belisario Betancur.

Most stores and offices were open and buses ran in Bogotá, which was under virtual military occupation. When crowds gathered, the police arrested hundreds of people and held them in detention centers. The protest was called by the Communist-led labor confederation and backed by leftist guerrilla groups.

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One of the hijackers aboard the TWA airliner in Beirut fired over the heads of reporters and photographers Thursday to keep them away from the plane. He began shooting after a Lebanese newsmen tried to sneak aboard the plane.

U.S. Media Criticized In Hijacking

By Alex S. Jones
New York Times Service

NEW YORK — A Pentagon spokesman has charged that a majority of U.S. news organizations are providing information that might be useful to the Shiite Muslim hijackers in Beirut.

Michael J. Burch, assistant secretary of defense for public affairs, said that the news organizations were doing this by reporting the movements of American military units and by speculating on military and diplomatic moves the United States might make.

"For the price of a 25-cent newspaper or a 19-inch television, a group of hijackers who only represent the back of some mosque have a very elaborate intelligence network," he said.

Mr. Burch, who is leaving the Pentagon this week to become a public relations executive with McDonnell Douglas Corp., the aircraft manufacturer, made the comments to a group of reporters called to his office Wednesday.

He said that reports by ABC News and NBC News regarding deployment of an anti-terrorist commando group known as the Delta Force were examples of damaging information.

In response, some news executives said that their policy was not to report information that might harm the approximately 40 American hostages.

Seymour Topping, managing editor of The New York Times, said, "If we felt in the case of the current hostage crisis that publication of certain information would endanger the hostages, we would certainly consider withholding such information, but to date we have not seen any need to do so."

Walter Mears, executive editor of The Associated Press, said, "We should all behave responsibly, but I don't think we ought to halt the free flow of information for terrorists any more than we should cater to them on other fronts."

Virtually all news executives said that decisions regarding whether to publish information were made on a case-by-case basis.

They said that information regarding military and diplomatic moves had come from officials who provided it with the understanding that it was to be revealed.

Cosmos-1,662 Is Launched
United Press International

MOSCOW — The Soviet Union launched a satellite Thursday, bringing the total to 1,662 in its Cosmos series, the press agency Tass said. It is the 46th Cosmos put into space this year. The press agency said equipment was functioning normally.

An Israeli government official said Thursday in Jerusalem that Israel might release some of the prisoners before the American hostages were freed, but he insisted that there was no linkage to the demands of the hijackers.

In New York, the Israeli defense minister, Yitzhak Rabin, said that the responsibility for resolving the

hijacking rests with the Americans.

In an interview with the ABC television network, Mr. Rabin said: "The problem is an American problem. The hostages are American. They were caught on board an airline that carries the United States flag. The United States government has to make up its mind. What do they want to do? It's first and foremost their decision."

Congress Acts Quickly
The U.S. Senate and House of Representatives, venting their frustration over the hijacking drama, swiftly passed measures Wednesday to improve airport security, and members of Congress lined up with additional proposals to toughen safeguards against air piracy.

The New York Times reported from Washington.

Spain Firm on Prisoners
Spain is not ready to free the two Shiites it holds as prisoners, as the TWA hijackers have demanded, and has not received any request from Washington to do so, Reuters quoted Prime Minister Felipe Gonzalez as saying Thursday in The Hague.

Questioned about the two Lebanese being tried in Madrid for the attempted murder of a diplomat, Mr. Gonzalez, who is visiting the Netherlands, said there had been no contacts between the United States, Israel and Spain on their possible release.

The two Mohammed Kabir Abbas Rahab and Mustafa Ali Kalil, admitted killing a Libyan diplomat, testified Wednesday that they had been sent to Madrid under orders from Amal leaders.

Greece Urges Americans To Disregard Warnings

Compiled by Our Staff From Dispatches

ATHENS — Fearful for its tourist earnings, a principal source of foreign exchange, Greece appealed to Americans on Thursday to disregard President Ronald Reagan's warnings against travel to Greece.

Officials in the Greek tourist industry have reported a wave of holiday cancellations by Americans in the aftermath of the hijacking last Friday of a TWA flight from Athens to Rome.

"We would like to appeal to our customers, and more particularly the Americans, who unfortunately are hearing the exhortations of the president of the United States not to come to Greece, to ignore them," said Nikos Skoulas, secretary-general of the National Tourist Organization.

"We reassure them once again that there is absolutely no danger in Greece, certainly no more danger than there is in Frankfurt, in New York, in Detroit and in Miami."

Mr. Reagan has advised Americans not to use the Athens airport after the hijacking to Beirut of a Trans World Airlines plane on Friday soon after it left Athens. About 470,000 Americans visited Greece last year.

On Wednesday, Pan American World Airways suspended its daily flight to Athens, and many Americans canceled vacations to Greece after Mr. Reagan warned of airport security problems there following the hijacking of TWA Flight 347.

Evangelos Koulombis, a Greek government spokesman, said that Athens airport security efforts had been praised recently by U.S. West German and international civil aviation officials. He said that the treatment Athens was getting now was unjust.

Referring to what he called the "terrible tragedy" of Wednesday's bombing at the Frankfurt airport, which killed three people, Mr. Koulombis said that "no one will now suggest that we isolate that airport."

He said that among 211 hijackings around the world from 1978 to 1984, two had been on flights departing from Greece while 43 had started in the rest of Europe, 62 in the United States and 104 in other countries.

TWA, the only U.S. airline other than Pan Am serving Athens, has continued its twice-daily nonstop flights from New York to Athens. But the airline said Wednesday that it was considering Mr. Reagan's request that it "review the wisdom" of continuing service to Greece.

Pan Am's flight to Athens is on a small twin-engine plane from Frankfurt, where it connects with flights to the United States. Pan Am said it is booking its Athens passengers on other airlines and would continue to evaluate safety and security to determine when service could be resumed.

W.R. Brown, head of the largest U.S. travel agency, AAA Travel, said that "there is a trend toward heavy cancellations on Greece," despite the fact that many vacationers are booked on package tours with cruises that carry high cancellation fees.

Joseph H. Stallbaum, an executive with another large travel company, Bartlett Travel Service in Philadelphia, said: "We've had people canceling their travel plans all weekend, and the president's message has precipitated more cancellations. There's no question about it."

A National Basketball Association all-star team, scheduled to leave for Greece next week for two exhibition games, called off its trip Wednesday. Citing Mr. Reagan's warning, Larry Fleisher, the basketball association's general counsel, told the group's Greek host that "it would clearly be improper for representatives of the National Basketball Association to go against the wishes of our government."

The Ocean Islander, a 225-passenger cruise ship that makes regular one-week voyages between Venice and Piraeus, the port of Athens, canceled its entire schedule from June 29 to Oct. 12. The vessel will travel instead between Venice and Rome.

"We were unable to cancel the scheduled June 22 sailing," a spokesman for Ocean Cruises, the booking company in New York, said, "but we are calling all passengers and offering them the option of one of the later trips to Rome or a complete refund."

Many travel agents said most of the cancellations and calls had come from first-time or infrequent travelers. (Reuters, WP, NYT)

Reagan Policy Like Carter's

(Continued from Page 1)

Reagan that took account of the nature of the current situation while leaving open what retaliatory steps might be taken once the hostages are freed.

"Right now we are not in the Carter situation," said the Reagan adviser. "There was a sudden realization that the word 'hijacking' has turned into the word 'hostage' and we have made the decision to deal with it as a hostage situation. There is no panic yet, but the growing realization is that this issue has to be dealt with quickly."

But to some former advisers to Mr. Carter, the two situations are strikingly similar, from the overwhelming focus on the situation by news organizations to the frustration Mr. Reagan expressed and Mr. Carter encountered in trying to solve them.

Although advisers of the former president have generally not criticized Mr. Reagan's handling of the situation, they have been willing to note what they insist are parallels.

"Obviously, they are similar in the sense that American citizens are being held by forces not firmly in political control," said Zbigniew Brzezinski, Mr. Carter's national security adviser. "The hostages in Iran were being held by a terrorist group at a time when the government was falling apart and the Ayatollah [Ruhollah] Khomeini was backing it from the sidelines."

"In Beirut," he said, "they are held by some component of Amal, but again without our real knowledge. That is a real parallel."

In addition, although Mr. Reagan for the most part has tried to operate in a manner of "business as usual," Mr. Carter's advisers suggest that the attention Mr. Reagan has devoted to the crisis has been almost identical to Mr. Carter's during the Iran crisis.

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Spain Is Hit By Strike Called by Communists

By Edward Schumacher
New York Times Service

MADRID — Much of Spanish industry and transportation was shut down Thursday by a one-day general strike called by Communist-led unions.

Police arrested dozens of people, mostly in clashes with pickets in a stoppage in a protest against pension cuts and other austerity measures proposed by the Socialist government of Prime Minister Felipe Gonzalez.

It was the first national strike in Spain since the first free elections were held in 1977 after the death of Francisco Franco. In many ways, the strike pitted the Communists against the Socialists.

Marcelino Camacho, secretary general of the Communist-led union confederation, the Workers' Commissions, said that nearly three million workers joined in the strike, exceeding the confederation's earlier predictions. He said that 75 percent of industrial workers and 65 percent of service and transportation workers stopped work.

"The response has been massive, much higher than we had hoped for," Mr. Camacho said at a news conference.

Labor Minister Joaquin Almunia said that the number was far lower.

"It can be unequivocally stated that the strike has failed in its objective," said Manuel Chavez, a member of the executive committee of both the Socialist Party and its allied union confederation, the General Workers' Union.

The focus of the strike was a bill that the Gonzalez government pushed through the lower house of parliament this week to reduce pension eligibility.

The bill, which is expected to pass the Socialist-controlled senate by next month, would require that Spaniards work for 15 years and pay into social security for eight years before being eligible for the national pensions. Current requirements are 10 years' work and two years paying in.

According to reports from around the country, the strike, backed by regional unions, shut down all of the Basque country and most of Barcelona, the nation's two major industrial centers.

Valencia, Spain's third largest city, was also virtually at a standstill, according to the various reports.

The situation in the rest of the country was mixed. In Madrid, bus and train service was sharply reduced and many outlying factories were closed. But in Madrid and many other cities and towns most schools, banks and shops were open.

Three of the country's major newspapers, including the leading daily, El Pais, failed to appear. The afternoon news show on Spain's national television network was cut from 30 to 15 minutes.

Flights were disrupted as workers at Madrid's Barajas International Airport honored the strike call and more than 40 flights were canceled by Iberia, the national airline.

The number of arrests approached 100. Among them were Communist leaders in Barcelona, Zaragoza and Las Palmas. Most were released within hours, police said.

Japanese Media Assailed For Role During Slaying

Reuters

TOKYO — The killing of a suspected swindler in Japan as television men stood by with cameras rolling has caused an outcry over media ethics.

Prime Minister Yasuhiro Nakasone denounced in parliament the murder of Kazuo Nagano, 32, head of a gold deposit company, by two men who broke into his Osaka home on Tuesday and stabbed him 13 times with army bayonets.

Television crews, who had waited outside Mr. Nagano's apartment for days to get a statement from him, filmed the killers bursting in and showed them emerging, their bayonets dripping blood, shouting, "We are the criminals."

The scenes were shown on television, provoking telephone calls from angry viewers who wanted to know why the police were not on guard, and why journalists, newspaper photographers and the television crews jostling for the best view did nothing to stop the killing.

"It is extremely regrettable," Mr. Nakasone said, "that in a constitutional state such an incident occurred openly and in broad daylight."

The chairman of Japan's National Safety Commission, Toru Furuya, told a parliamentary committee: "It is a matter of reproach," the newspaper Sankei Shimbun said in editorial, "that none of the reporters who witnessed the murderers breaking into the flat tried to persuade them not to commit the crime."

The mass-circulation paper Mainichi Shimbun, which carried a picture of Mr. Nagano being stabbed, said: "As the murderers began to kick the door and pound it with a chair, reporters should have at least have acted to stop them."

Mr. Nagano's company, Toyota Shoji, had been under investigation after depositors, many of them pensioners, complained they could get back neither gold nor money from the firm.

Two men arrested after the killing were formally handed over to the public prosecutor on Thursday to be charged.

A police spokesman told a parliamentary committee that the men did not appear to be victims of the company but had that they had said under questioning that they acted out of "moral indignation" at the firm's actions.

CARD OF THANKS
Mrs. Houda Abdelrahman her children and family were profoundly touched by the numerous expressions of sympathy and affection they received after the death of Mr. Mohamed Abdelrahman and as they are unable to reply to everyone individually, they would like to extend their warm thanks to all those who helped them by their presence, kind letters and flowers.

WORLD BRIEFS

New Restrictions on Liverpool Team

ZURICH (Reuters) — The European Football Union announced Thursday that it was banning the English club Liverpool from competition for three seasons after the indefinite ban that it already has imposed on all English clubs.

The sanctions, which would apply to the next three seasons for which Liverpool may qualify after the end of the ban on all English teams, were imposed as a result of the riots at the European Cup final in Brussels, May 29, which killed 38 persons. Liverpool fans were widely blamed for the worst of the violence.

The soccer authority's Control and Disciplinary Committee also ruled that Liverpool's opponents, the Italian team Juventus of Turin, would have to play their next two home matches in an empty stadium and that Belgium would not be permitted to be host to finals of the European Cup and European Cupwinners' Cup for a period of 10 years.

UN Pressures Pretoria on Namibia

UNITED NATIONS, New York (NYT) — The UN Security Council in a resolution adopted Wednesday, called for "appropriate measures" to be taken against South Africa unless it complies with United Nations efforts to establish an independent South-West Africa (Namibia).

The United States and Britain abstained on the resolution, which was a compromise negotiated by France.

The resolution urged voluntary measures, including prohibition of investments in South Africa, but dropped portions of an earlier draft that had suggested that nations sever diplomatic relations with South Africa and impose an oil embargo.

Solidarity Broadcasts Call for Strike

WARSAW (UPI) — Solidarity has broadcast a clandestine radio appeal for a 15-minute strike July 1 to protest a 15-percent increase in the price of meat.

The three-minute broadcast Wednesday was badly jammed and barely audible in central Warsaw, listeners said. It was the first broadcast appeal by the underground union movement since February.

Poland's official news agency, PAP, also announced that a leader of the outlawed union's coordinating committee, Tadeusz Jedynek, was arrested June 17. He had been in hiding since 1983. Union sources called the arrest a serious blow to Solidarity.

Flight Attendants Vote to Strike TWA

KANSAS CITY, Missouri (AP) — Flight attendants have voted overwhelmingly to authorize a strike against Trans World Airlines in a dispute over wage concessions.

Under federal law, the flight attendants must persuade federal mediators to allow a strike. The company and the union must then wait through a 30-day "cooling off" period before a walkout could begin. One factor that might delay the mediators' decision is ownership of the airline.

The move came Wednesday as three unions joined forces in opposing Texas Air's plans to take over the airline. TWA agreed last week to be acquired by Texas Air for \$793.5 million after resisting a takeover attempt by the New York financier Carl C. Icahn.

U.S. Raises Tariffs on Pasta From E.C.

WASHINGTON (WP) — President Ronald Reagan raised tariffs on European pasta products Thursday in retaliation against European Community tariffs on U.S. citrus products.

The move also responded to domestic pasta producers' complaints that EC subsidies to European pasta makers, principally Italians, allow them to sell their pasta products at unfairly low prices in the United States. The EC threatened Wednesday to retaliate if the United States raised tariffs on pasta.

The tariffs will be raised from their current rate of about one cent per pound (454 grams) to 40 percent of the foreign cost of pasta and 25 percent of the foreign cost of pasta containing eggs.

For the Record

Lieutenant General Thomas F. Healy, 53, of the U.S. Army, has been named chief of staff at the North Atlantic Treaty Organization's command center for southern Europe, the chief headquarters of the Command Europe in Mons, Belgium, said Thursday.

Four explosives specialists died Wednesday in Toulon, France, in a blast at an explosives storage depot, officials said. The cause of the explosion was not known.

A two-day meeting called by the Costadora group with representatives of five Central American countries failed Wednesday to convene for a second day of talks in Panama City after Nicaragua's deputy foreign minister, Hugo Victor Tinoco, refused to attend. Participants said the disagreement concerned the agenda.

House Approves Nerve Gas

(Continued from Page 1)

It was a "foregone conclusion" that the requirement for allied approval would be dropped by the conference.

The Senate has already approved the administration's full request for \$163.5 million for chemical weapons.

Mr. Porter added that foes of chemical weapons could still halt the program by blocking the actual appropriation of funds when that issue comes to the floor later this year.

Since Mr. Reagan took office, he has been trying to win financing for chemical weapons. In three previous tries, the Senate approved the proposal, but the House voted it down, and the plan was dropped in conferences of the two chambers.

Last year, renewed production of chemical weapons was defeated in the House by 68 votes. In explaining the reversal, Mr. Porter cited the vigorous White House lobbying effort.

"I've got President Reagan's tire tracks under my back," he said after the vote.

He noted that Mr. Reagan was particularly effective with the 30 Republican freshmen who have never voted on the issue. All but two supported the president and accounted for the major share of the reversal, Mr. Porter said.

In addition, Mr. Porter said, the House was expressing its anger and frustration over the Americans being held hostage in the Middle East by Lebanese hijackers. "Part of the equation is that deep down, people wanted to lash out," Mr. Porter said.

The nerve gas issue was part of the debate over legislation detailing hundreds of programs for the Pentagon and authorizing the expenditure of \$214 billion in the 1986 fiscal year, which begins Oct. 1.

House Seeks SDI Studies

The House, trying to decide how much money for President Reagan's space-based missile defense to include in the authorization bill, ordered studies Thursday to try to answer questions about

the program. The Associated Press reported.

The House, on a voice vote, directed the Pentagon to provide more information about what action the Soviet Union might take to overcome the Strategic Defense Initiative, how much the entire system would cost, and whether the United States should provide fruits of its research to the Soviet Union.

President Reagan, who announced the program two years ago, requested \$3.7 billion for the 1986 fiscal year, as opposed to \$1.4 billion in fiscal 1985. The Senate has approved only \$2.95 billion, and the House is considering a range of spending proposals from \$950 million to \$2.9 billion.

Gummen Kill 13 in Salvador

(Continued from Page 1)

tional money from Congress. President Reagan could provide money under the Arms Export Control Act and the Foreign Assistance Act, Mr. Speaker said.

Robert C. McFarlane, assistant to the president for national security affairs, said the United States must "assist the Salvadoran government and make sure we bring a halt to this kind of outrage."

He said he did not envision the use of U.S. forces in El Salvador but said "assistance is justified."

Asked to explain, Mr. McFarlane added: "Well, action to make clean that there is a price to pay among the terrorists for this kind of thing and our own efforts to assist El Salvador specifically and their efforts in that direction."

The only other U.S. serviceman to be killed in El Salvador was Lieutenant Commander Albert A. Schaufelberger, an officer of the contingent of U.S. advisers. He was killed in May 1983, when he drove to the university in San Salvador to pick up his girlfriend.

Leftist guerrillas are fighting a civil war against the U.S.-backed government of President Jose Napoleón Duarte. (AP, UPI)

Tax Fight

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Tax Fight: Reagan vs. Cuomo

Angry New York Governor Assails Plan, Risks His Future

By Robert Shogan
Los Angeles Times Service

WASHINGTON — Governor Mario M. Cuomo of New York, emerging as the severest critic of President Ronald Reagan's tax overhaul program, has asserted that the plan's provision to eliminate deductions for state and local income taxes is ideologically inspired and "would be a disaster for millions of beneficiaries of state and local services."

Mr. Cuomo's attack on the provision, made in a speech Wednesday before the National Press Club here, was the latest round in a fierce duel between the New York governor and the White House that has far-reaching implications for partisan politics and public policy.

At stake are Mr. Cuomo's reelection prospects in New York next year and his potential as a Democratic presidential candidate in 1988. But far more important will be the outcome of the debate over tax reform, and the future scope of services that can be performed by state and local government.

Underlying Mr. Cuomo's aggressive criticism of the president's program and implicit in his remarks Wednesday is what he plainly regards as a threat to the government activism that is fundamental to him and his party.

In seeking to eliminate the ability to deduct state and local taxes, Mr. Cuomo said, the Reagan administration is motivated not only by the need for revenue but also by the goal of financially restricting

state and local operations — similar to the way Mr. Reagan's 1981 tax cut has curbed the federal government.

As evidence, he cited a recent press briefing at which the White House communications director, Patrick J. Buchanan, acknowledged that "an ancillary consequence" of disallowing the state and local tax deduction would be to prompt citizens of high-tax states to "take a long second look at what they're getting for the government they're paying for."

Calling this "an explosion of candor," Mr. Cuomo contended that the administration had said, in effect: "What we're trying to do is to hurt high-tax states like New York... to force them to ignore the people in wheelchairs, to do nothing for people who need education.... And they want that because sociologically they know it's good for the country to have less government."

Recalling that the White House, in 1982, urged the shifting of government from the federal level to the states, the governor said: "What used to be the new federalism is now called 'neo-socialism' in the White House. And what used to be a call for states to shoulder more responsibilities is now a call for states to cut their taxes."

Mr. Cuomo's decision to aggressively confront the administration on tax reform, at a time when most other Democrats have been more restrained on the issue, is considered by some Democrats to represent

a gamble both for the governor and his party.

[In an unusual display of bipartisan unity, the U.S. Conference of Mayors urged Congress in a unanimous voice vote Wednesday to amend the tax proposal to allow continued deduction of state and local taxes and to retain the tax-exempt status of municipal bonds. The New York Times reported.]

[To make up that revenue loss, the mayors, meeting in Anchorage, Alaska, asked that wealthy individuals and corporations be taxed at a higher rate than the maximum 35 percent that Mr. Reagan proposed.]

■ **Reagan Assails Tax System**
Earlier, Bernard Weinraub of *The New York Times* reported from Indianapolis:

Mr. Reagan, in a strong defense of his proposed tax overhaul, said Wednesday that the current tax system had "become public enemy No. 1" for middle-income Americans.

"It is time we tore it down," he said to an enthusiastic audience of more than 5,000 people at the annual convention of the U.S. Jaycees, members of junior chambers of commerce.

The president also said that his proposed tax revision, which would eliminate many deductions in exchange for lower tax rates, was being threatened by "the special interests and their lobbyists."

"They're already swarming like ants into every nook and cranny in Congress," he said. "But the American people have their lobbyist, too



Mario M. Cuomo

— you're looking at him." This drew thunderous applause in the Indiana Convention Center.

The president pointedly criticized those who have said that his proposal favors the rich because of its 35-percent top tax rate.

"Some say that, to make it even fairer, we must raise the top tax rate higher than 35 percent so the rich pay more," Mr. Reagan said. "But that argument misses the central point of what we're doing. We are not lowering the top tax rate to 35 percent so the rich will do better. We are lowering the top rate to 35 percent so that every working American will have a better chance to get rich."

With \$2.6 Billion Already Invested, U.S. Cancels Uranium Plant in Ohio

By Thomas O'Toole
Washington Post Service

PORTSMOUTH, Ohio — Eight years and \$2.6 billion after breaking ground here for a uranium enrichment plant, the U.S. Energy Department has decided not to complete it.

As Energy Secretary John S. Herrington put it last week, "There comes a time to make tough business decisions, and this is one of those times."

The announcement was made June 5, and on the same day the Energy Department said it was shutting down its enrichment plant in Oak Ridge, Tennessee, which was the nation's first.

When the Portsmouth plant was begun, economic and market conditions were markedly different.

The world demand for enriched uranium for electricity generation, submarine propulsion and weapons was rising so rapidly in the mid-1970s that the United States could no longer guarantee deliveries, even though another plant in Portsmouth and facilities at Oak Ridge and Paducah, Kentucky, were operating around the clock at full capacity.

In addition to helping meet this demand, the new plant was supposed to produce uranium that could be priced so low that the United States would dominate the market. Revenues to the Treasury were expected to grow from about \$1 billion in 1976 to between \$4 billion and \$5 billion by 1985.

But none of the forecasts panned out.

Worldwide demand today for enriched uranium to generate electricity is only one-sixth of what was predicted. And at this time uranium is not being enriched for use in weapons.

A European consortium of producers entered the market, cut prices and captured 36 percent of sales. At the same time the older plants, which had appeared to be on the verge of obsolescence, began enriching uranium at a price 25 percent lower than before, through a combination of operating and budgeting changes.

"Back in the '70s, we were dedicated to high tech at the same time that we thought the market for enriched uranium was endless," John R. Longenecker, the Energy Department's deputy assistant secretary for uranium enrichment, said in an interview. "We were wrong. Oh, we were wrong."

Mr. Herrington's decision to halt construction of the Portsmouth plant and shut down the Oak Ridge plant had a severe impact on local employment. The decision will eliminate 450 jobs in Portsmouth and 500 in Oak Ridge.

By next February, a total of 1,130 jobs will also be lost at Garrett Corp. in Sandusky, Ohio, 400 at Goodyear Aerospace Corp. in Akron and 530 at Boeing Co. in Oak Ridge when their contracts to make centrifuges for the Portsmouth plant expire.

"The market for uranium has gone to pieces," said U.S. Representative John F. Seiberling, a Democrat whose district includes Goodyear's Akron plant. "But what bothers me is that you'd think the Department of Energy would close out their least-efficient plants first and keep going with their most efficient plant, which I always understood was the gas centrifuge plant being built at Portsmouth."

The department insists that this is no longer the case. When construction began in 1977 on the Portsmouth plant, the cost of running plants like the one at Oak Ridge, which enrich uranium through diffusion, a sort of endless filtration process, was 30 percent

more than the estimated cost of running the new centrifuge plant. "The gas diffusion plants were developed with the idea that they were already obsolete 30 years ago and would be eliminated by gas centrifuge," said Mr. Longenecker of the Energy Department. "That

"We thought the market for enriched uranium was endless. We were wrong. Oh, we were wrong."

— John R. Longenecker
a Department of Energy official

became a mind set, and nobody ever bothered to try to bring diffusion costs down until we actually announced we were going ahead with centrifuge. All of a sudden, people began finding ways of cutting costs on diffusion."

At least 80 percent of the cost of enriching uranium by gaseous diffusion goes for electricity, which the department predicted in 1979 would increase in price at least 3 percent every year until the turn of the century. Instead, electric rates peaked in 1982 and have since declined steadily.

Managers of the diffusion plants found other ways to cut costs. They had run the plants continuously at top speed, figuring that they would lose efficiency if they slowed down. But engineers eventually discovered that they could vary power levels without sacrificing efficiency.

At the same time, plant managers began buying electric power at prices lower than those that the Tennessee Valley Authority was charging. At the gaseous diffusion plant in Portsmouth, for instance, they negotiated a contract with Ohio Valley Electric to buy off-peak power at half the price they would have paid for electricity from the TVA.

Even as gaseous diffusion costs came down, a new enrichment technology more promising than the centrifuge was being developed at California's Lawrence Livermore Laboratory, whose main job is developing nuclear weapons. The process uses heat to vaporize

uranium, then shines laser light at a precise frequency into a chamber housing the vapor. The laser gives atoms of the U-235 uranium isotope a negative charge, and then positively charged plates in the chamber attract the U-235 atoms, leaving the rest behind.

Though not yet proved, the classified laser technology has made dramatic strides.

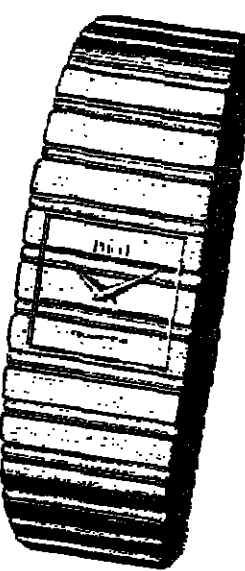
"We want the best technology there is for the future," said Mr. Longenecker, "and we fully believe that is the laser technology."

That leaves the gas centrifuge out in the cold, even though it may now be the best technology of its kind in the world. The 3,000 centrifuges that the Energy Department contracted for in Portsmouth will probably have to be put in storage.

The three huge buildings that were to house the centrifuges may be another matter. Even now, the department is trying to come up with alternative uses for them.

One suggestion was to use the buildings as a federal prison, since they were designed for maximum security. That idea stayed alive only until someone wondered what would happen if the prisoners broke out and captured the neighboring gaseous diffusion plant, where all the nation's weapons-grade uranium will be produced.

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Space-Arms Critics See Laser Test Failure as Omen

By William J. Broad

CAPE CANAVERAL, Florida — Critics of President Ronald Reagan's proposed space defense shield against enemy missiles have cited the failure Wednesday of a laser test involving the space shuttle Discovery as evidence of bigger problems to come.

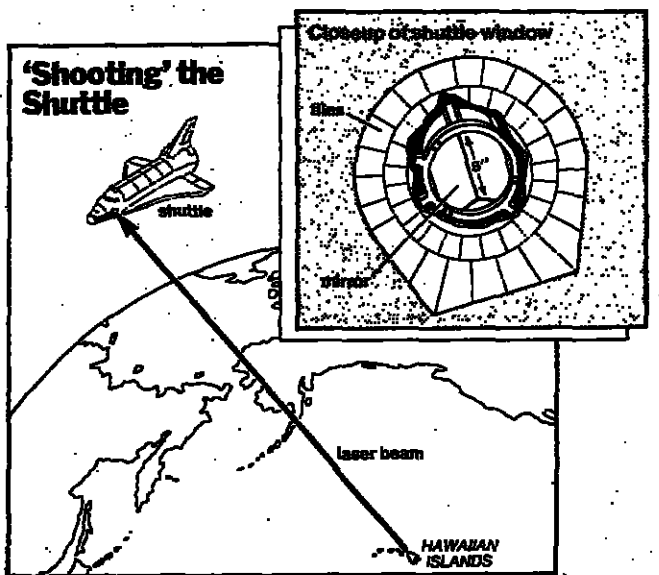
They said that a mistake causing the failure—a simple human error capable of upsetting a complex technological effort—was the type that could be the ultimate undoing of the proposed anti-missile shield.

Because of an error in instructions, the spaceship was turned 180 degrees in the wrong direction during the test.

The laser beam struck the craft, but on the opposite side from the mirror intended to bounce the beam back to a U.S. Air Force upstation on the Hawaiian island of Maui. The test was rescheduled for Saturday.

Ultimate success of the laser test is viewed by Pentagon officials as crucial to determining whether heavy, powerful lasers on the ground can be used to fire at enemy missiles in space.

In one proposal, relay mirrors orbiting high above the United States would bounce the laser beams around the globe so they could strike enemy missiles shortly



A U.S. test of a laser in space, rescheduled for Saturday, will involve aiming a low-powered beam from a base in Hawaii to a mirror in a window of the shuttle Discovery.

after they had been fired, before they had released their warheads and decoys.

Critics of the Pentagon's Strategic Defense Initiative, known popularly as "star wars," said that the failure of the simple test showed how difficult it might be to develop a defensive shield.

"If they can't do a simple experi-

"These people are seizing on ridiculous things to try to criticize the program," said Lieutenant General James A. Abrahamson, director of the Pentagon's Strategic Defense Initiative Organization. "They either have an axe to grind or don't understand how experiments are conducted."

"If your car doesn't start in the morning, does that mean 'star wars' isn't going to work? There's no logic to it. We had a small procedural error. All you have to do is wait for the rest of the mission and we'll have a successful experiment, I'm sure."

The key part of the experiment was to take place on the ground, where computers at the Air Force's Maui Optical Station were to adjust the laser beam to try to counteract the distorting effects of the Earth's turbulent atmosphere.

But when controllers radioed a series of numbers to direct the automatic pilot to align the Discovery properly, some of the numbers were in units of feet rather than nautical miles. This confused the shuttle's flight control system, which pointed the mirror in the opposite direction, directly facing the stars.

In contrast with problems aboard the shuttle, the laser on the ground worked perfectly in the pre-dawn darkness, sending its beam flashing up to the Discovery.

A Pentagon official strongly disagreed with the critics.

Marjorie Phillips, Arts Patron, Dies in Washington

Washington Post Service

WASHINGTON — Marjorie Phillips, 90, a painter and patron of the arts who founded the Phillips Collection here with her late husband, Duncan, more than 60 years ago, died Wednesday of pulmonary failure at her home.

The Phillips Collection was the first museum of modern art in the United States when it opened in the fall of 1921. Over the years it came to be known as one of the treasures of Washington's art community.

Mrs. Phillips was associate director of the museum from 1925 until her husband died in 1966 and then director from 1966 until 1972. She counseled and encouraged young artists and was herself an accomplished painter.

■ **Other deaths:**

Xuan Thy, 73, North Vietnam's foreign minister from 1963 to 1965 and the leader of Hanoi's delegation in the first year of the Paris peace talks, Tuesday of respiratory and heart failure.

Russell S. Berkley, 91, a retired four-star admiral and one-time commander of U.S. Navy forces in the Far East, Monday in Portland, Oregon.

Senate Unit Fails to Approve Reagan Aide

Compiled by Our Staff From Dispatches

WASHINGTON — The Senate Judiciary Committee voted, 17-0, Thursday to postpone action on the nomination of William Bradford Reynolds as associate attorney general.

The move came after it became clear that votes were lacking to send the nomination of the assistant attorney general for civil rights to the Senate floor with a favorable recommendation. Some civil rights groups have opposed the nomination of Mr. Reynolds to the No. 3 position in the Justice Department.

If the Senate refuses to confirm him, it would be a political defeat for President Ronald Reagan, symbolizing rejection of his civil rights policies. The president phoned a number of senators on the committee this week urging them to support the nomination.

At a hearing Tuesday, several senators said they were troubled by inaccuracies and contradictions in

Mr. Reynolds's testimony before the committee, and the nominee apologized four times.

Mr. Reynolds said he had had no intent to deceive but acknowledged that his recollection "may have failed" him on several points.

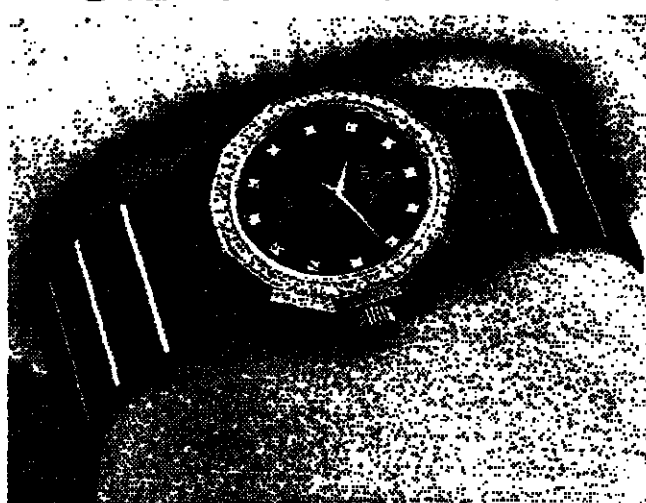
Senator Orrin G. Hatch, Republican of Utah and a strong supporter of Mr. Reynolds, moved Thursday to report the nomination to the Senate without a recommendation. But the ranking Democrat on the committee, Senator Joseph R. Biden Jr. of Delaware, countered with the successful motion to postpone the vote for a week.

Senator Biden said he did not want the panel to send the nomination to the floor unless it voted on a favorable or negative recommendation.

Larry Speakes, the White House spokesman, said the president had no plans to withdraw the nomination.

The Republicans, who control the committee, 10-8, lost their vote margin when Senator Arlen Specter, Republican of Pennsylvania, said he would not vote for a favorable recommendation of Mr. Reynolds. (AP, NYT)

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Norwegian Diplomat, A Key Spy for Moscow, Sentenced to 20 Years

OSLO — Arne Treholt, a former Norwegian diplomat and junior minister in the government, was sentenced Thursday to 20 years in prison as a spy for the Soviet Union.

Mr. Treholt, 42, walked into the courtroom smiling and waving to former colleagues. But he bowed his head as Judge Astrid Rynning pronounced the sentence.

Western diplomats said that the severity of the sentence reflected the damage Mr. Treholt had caused during nine years of spying, from 1974 to 1983, for the KGB, the Soviet intelligence service.

During that time he had access to high-level information on Western military deployment and plans. The eight formal charges in a 5,000-word indictment contained more than 40 specific accusations, ranging from passing NATO strategic nuclear policy secrets to disclosing contingency plans for troop movements and other deployments in times of East-West tension.

Mr. Treholt had access to the secrets during his career as a junior government minister, a diplomat at the United Nations, a student at the Norwegian Defense College and as head of the press section at the Foreign Ministry.

Prosecutors said during the trial that his political sympathies — he was a member of the Labor Party — had not been the driving force behind his espionage. They contended that greed was the motive.

Judge Rynning ordered the confiscation of \$52,000 in a Swiss bank account and \$80,000 in another account.

Mr. Treholt said during the trial, which began in February, that he was introduced in 1967 to a Soviet diplomat at an Oslo cocktail party and that the contacts developed from that day.

He denied all the charges, saying he had actively fostered contacts with Soviet officials in a bid to improve East-West relations and never had intended to damage Norwegian or allied security.

Mr. Treholt was cleared of one count, spying for Iraq while at the United Nations, but he was convicted of supplying an Iraqi agent with classified assessments by the

North Atlantic Treaty Organization on the Iran-Iraq war, on Afghanistan and on Israeli and Syrian troop movements in the Middle East.

Diplomats said that Mr. Treholt's most important espionage activity would have come from the government-run Norwegian Defense College, where he was a student from 1982 to 1983.

There, Mr. Treholt heard lectures by senior military officials giving details on virtually all of Norway's military plans. He also was privy to information on defenses of the Western alliance's southern flank.

At secret meetings in Vienna, Helsinki, Oslo and New York, Mr. Treholt was said to have given Soviet agents information from coded messages on talks between Norwegian and U.S. political and military officials.

He was arrested in January 1984, as he prepared to board a plane to Vienna for what he said during the trial was to have been a final meeting with a Soviet intelligence general, General Titov.

Mr. Treholt had the proper credentials and sponsors, in the small and cozy world of Norway's politics, that would have enabled him to move swiftly to a senior cabinet post, according to colleagues.

His father, Torstein Treholt, was a member of the Norwegian parliament for 20 years, serving as agriculture minister for four years in a Labor Party government.

Mr. Treholt, who born in 1942, followed in his father's footsteps, studying political science, economics and history at the University of Oslo before joining Norway's Labor newspaper, Arbeiderbladet, where he worked until 1971.

He joined the Foreign Ministry in 1973, rising quickly to become personal secretary to Jens Evensen, his friend and mentor, who was minister of trade and shipping and now is a judge at the International Court of Justice in The Hague.

The young diplomat moved with Mr. Evensen as junior minister to a ministry established by the Labor government of 1974 to deal with the Law of the Sea, concentrating on territorial and fishing talks with the Soviet Union involving the Barents Sea.



A Brazilian pathology expert, Dr. José Bonato Prospero, displayed on Thursday a fragment of bone from the skeleton that police believe may be that of Dr. Josef Mengele.

Frankfurt Police Search For Suspect in Bombing

FRANKFURT — West German police said Thursday that they were searching for a young man who was seen running from the passenger terminal at Frankfurt International Airport shortly before a bomb exploded Wednesday, killing three persons and injuring 42.

A police spokesman, Franz Winkler, said that the man had jumped into a car and sped away. He added that no one had claimed responsibility for the explosion and that there still was no information about a possible motive.

Investigators tentatively identified the two children who had been killed as Australians, a 5-year-old boy and his 3-year-old sister. A man killed in the attack is thought to have been Portuguese, Mr. Winkler added.

He said that the police believed that the mother of the children was one of those seriously injured.

The explosion occurred in a crowded departure lounge. A spokesman for the Hesse state police, Klaus Knut, said the bomb was probably made up of several kilograms of explosives contained in a suitcase left near a newspaper kiosk. He said that investigators had discounted reports that the bomb was placed in the basket itself.

Mr. Knut said the explosive had been of a type produced for both military and commercial use, but he declined to elaborate.

He said the bomb had gone off near a Lufthansa German Airlines information booth. The counters of several other airlines are nearby, however.

The mass-circulation daily newspaper Bild reported that an anonymous caller had told its Cologne office that more bombings would follow.

Mengele Investigator Says Proof Mounts

By Ralph Blumenthal
New York Times Service

SAO PAULO, Brazil — The Brazilian official in charge of the Josef Mengele investigation has said that "all experts are coming to the same conclusion" and that he hoped to have an announcement by the end of this week.

Romeo Tuma, the federal police chief in São Paulo, stopped short of saying Wednesday that experts were convinced that bones unearthed in a suburban cemetery on June 6 were those of the fugitive Nazi concentration camp doctor. But he left little doubt that the forensic tests backed up testimony of witnesses who said that Dr. Mengele drowned at a nearby beach in 1979 and was buried under another name in a cemetery at Embu.

A test of the age of the skeleton — Dr. Mengele would have been almost 68 years old when he died — "seems to be positive," Mr. Tuma said. "What's missing are three or four more tests."

Examination of the bones is said to have determined that the man buried at Embu had a diastema, an unusually wide space between his two upper front teeth. Such a gap was one of Dr. Mengele's distinctive features at the time he selected victims for passing and medical experiments at the Auschwitz death camp in Poland in 1943 and 1944.

Evidence of an old hip fracture also has been found, but whether this corresponds to injuries that Nazi SS records suggest Dr. Mengele sustained in a motor vehicle accident at Auschwitz has not been established.

Mr. Tuma and other authorities have said that any X-rays of Dr. Mengele in West Germany or Brazil would speed up the identification, but none have surfaced so far.

Last week, two American handwriting experts said that writings attributed to Dr. Mengele in Brazil matched his known script in the 1930s.

■ 'Mengele' Notebooks Seized
James M. Markham of The New York Times reported from Munich: A magazine editor said Wednesday that four notebooks said to have been written by Dr. Mengele had been impounded by the Frankfurt prosecutor's office.

The editor said that his magazine, Bunte, had submitted the notebooks to authorities for handwriting tests.

Norbert Sakowski, a deputy editor in chief at Bunte, said that Hans-Eberhard Klein, a Frankfurt prosecutor in charge of West Germany's search for the Nazi fugitive, ordered the notebooks impounded Tuesday.

Mr. Sakowski said that Bunte submitted the samples, believed to have been written by Dr. Mengele

in South America, to the Federal Criminal Office in Wiesbaden, West Germany, on Friday for consideration by Manfred Hecker, a handwriting expert. But the Bunte editor said that, before the magazine could obtain a written certificate of their authenticity, Mr. Klein intervened. Reached by telephone, the prosecutor said he would not comment.

As a result of the surprise move by the prosecutor, according to sources at Bunte, editors at the magazine's headquarters removed on Tuesday about 30 pounds (13 kilograms) of supposedly original Mengele materials supplied by Dr. Mengele's son, Rolf.

Mr. Sakowski said that Bunte had openly supplied sample notebooks believed to have been written by Dr. Mengele in 1940, 1967, 1974 and 1977 to Mr. Hecker, insisting it had no wish to circumvent the law.

Defense Ministry in Bonn Repudiates District Judge's Ruling on U.S. Missiles

Reuters

BONN — The West German Defense Ministry said Thursday that a ruling by a Frankfurt judge against U.S. Pershing-2 nuclear missiles would have no effect on the deployment of the weapons.

Commenting on the ruling by District Court Judge Christoph Jahr on Wednesday that acceptance of the missiles was unconstitutional, a ministry spokesman said that the court had no authority to change or influence government decisions. He said that a district court, the lowest tier of the judicial system, could rule only on minor local matters.

The judge acquitted six anti-nuclear demonstrators on Wednesday

who had been arrested outside a U.S. base, and issued a ruling that the Pershing-2 deployments breached a clause in West Germany's constitution forbidding a war of aggression to start on its soil.

Karl Miltner, the deputy floor leader of Chancellor Helmut Kohl's Christian Democratic Party, said in a party news release that it was difficult to believe that a West German court had called the missiles a "legally impermissible threat to peace" and had accused the U.S. of increasing the danger of war.

He said that the Frankfurt verdict contradicted a ruling by the West German Constitutional Court on Dec. 18, which upheld the validity of the missile deployment.

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Eanes Consults Council Again on Call for Vote

LISBON — President António Ramalho Eanes sought the advice of Portugal's highest consultative body on Thursday, for the second time this week, on whether to call early elections.

Government and political party leaders form part of the 16-member Council of State, which met to discuss possible solutions to the collapse of the coalition government headed by Prime Minister Mário Soares.

The meeting is a required constitutional step before a decision on dissolving parliament for early general elections. But the council's advice is not binding.

Mr. Soares's Socialist Party, the country's biggest political party, responded Wednesday to a call by General Eanes to avoid dissolution by contacting the three other main parties and proposing talks on the formation of a new government.

But the move appeared not to convince other parties, which insisted that early elections were the only solution.

"Any government solution that

might be found would be just as harmful for the nation as the maintaining of the current government," the Socialist Democratic Party, which withdrew a week ago from the coalition, said Wednesday.

The Communist Party, Portugal's third largest party, said that the Socialist proposal for talks was inappropriate.

Mr. Soares, who has said he intends to resign, shares the view held by the president that early elections could disrupt the country's economic and political stability as it prepares to join the European Community on Jan. 1.

The Socialists accused the Social Democrats of "throwing the nation towards a frenetic round of elections." Presidential and local municipal elections are due at the end of the year. General elections are not due until 1987.

Portugal's treaty of accession to the European Community, signed last week, is scheduled to be ratified by parliament early in July and it may be allowed to continue its work until then.

Agca Testifies He Sent Letter To Envoy to 'Blackmail' U.S.

The Associated Press

ROME — Mehmet Ali Agca testified Thursday that he sent a letter to the U.S. Embassy in Rome suggesting he had some connection with American officials because he wanted to blackmail the U.S. government into supporting him.

Mr. Agca, a Turk who is serving a life sentence for the attempted assassination of Pope John Paul II, also said he had hoped to obtain U.S. citizenship and a possible extradition.

He spoke at the trial of three Bulgarians and four Turks charged with helping him in the May 13, 1981, shooting in St. Peter's Square. Only two of the Turks and one Bulgarian are in custody in Rome. The others are being tried in their absence.

Judge Severino Santiapichi, after taking Mr. Agca through a step-by-step description of the day of the shooting, asked him to explain a

letter he had sent to the U.S. Embassy.

The letter, written Aug. 5, 1983, and addressed to the U.S. military attaché, contained such cryptic remarks as: "You told me to talk so I am talking," and, "To avoid all obstacles I am writing you in Turkish this time."

The judge pressed Mr. Agca to explain why he wrote the letter, which he said implied Mr. Agca had previously communicated in secret with the Americans.

"To give an impression Americans were involved," Mr. Agca first said, speaking in Italian. He then said he wrote the letter so that "the embassy would support me regarding the mass media."

On further questioning, he added: "You could consider it as simple blackmail for some support." The trial was adjourned until Monday.

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Reagan and the Hostages

President Reagan states and the Israeli state that there can be no negotiating with terrorists, otherwise there will be encouraged to ally forth and terrorize again. With the second part of this statement all agree. When terrorists reclaim captured comrades, tumble a government or draw attention or political advantage to their cause, they have won something of value and their success is bound to encourage them or others to have another go. What this formulation omits, however, is that there are only a finite number of ways to fight back, once hostages have been taken.

There is force: Mr. Reagan seems to rule it out. Bringing nonviolent pressures to bear over time to induce the terrorists to recalculate the odds is the route he appears closer to endorsing, despite its similarity to Jimmy Carter's course in Iran. Otherwise there is the painful course of negotiations. It offers the prospect of quick relief and spared lives this time, but provides incentives for further terrorism.

The Israeli's pattern is the most relevant. It is to refuse to negotiate; to negotiate if necessary; to swear they will never negotiate again; and, meanwhile, to tear themselves apart over whether it was wise to have negotiated. A country that cares for human life and has a government responsive to public feeling cannot expect to have it another way. Deterrence

—that is, community with prospective victims—has its just claims, but the full burden of it cannot easily be put on current victims. Community with them has its claims, too. Equating negotiating with "caving" is no help. It depends on the circumstances and the terms.

The International Committee of the Red Cross appears, still, to be in a position to facilitate the indirect negotiation that has lain there ready to be pursued from the start. The Shiite terrorists can release the hostages, and the Israelis, bowing to no one, can release the Shiite prisoners whom they hold on their soil and had already determined to release anyway: the hijacking interrupted the onset of the release. It will be tough on the Israeli public, which has reason to worry about terrorism, and on the Israeli government, whose opposition is already exploiting the issue, and it will win Israel respect from decent people.

A range of more effective policies, from physical security to diplomatic pre-emption, has to be put into place to ensure the safety of Americans. Where these policies fail, a range of other ways, not excluding retribution, must be found to demonstrate that there are costs to terrorizing Americans or allowing others to. Giving Greece fresh reason to improve its lax security should be only a start.

—THE WASHINGTON POST.

There has been a strong temptation all week to throw President Reagan's bluster straight back at him, and it boiled over at his news conference on Tuesday. As a candidate he had suggested repeatedly that Jimmy Carter handled the Iranian hostage crisis like a wimp, and after his election he warned terrorists worldwide that real men don't eat quiche. "We hear it said that we live in an era of limit to our powers," he said in welcoming the Iran hostages home. "Well, let it also be understood, there are limits to our patience."

It is not hard to understand reporters' desire to puncture the bluster, to seek retrospective justice for Mr. Carter. Aren't you frustrated? the reporters asked. Haven't you now learned something about the limits of power? Aren't you now compelled to be patient, too?

Enough. Such questions are understandable but they are also digressions. Whether or not Mr. Reagan confesses to having once been simplistic, that does not lessen the complexity of the torment that he and the country now face. The question honed by the hijacking and cowardly murder is not whether the president is behaving consistently but whether he is behaving wisely, and so far the answer is yes.

With Lebanon as with Iran, there are people who think that the way to demonstrate strength is with strength, by which they mean violence. The same frustrated chauvinism that prompted proposals in 1979 to bomb Tehran into a parking lot now lead to talk of leveling Lebanese villages. That is not the president's view. On the contrary. Precisely because of his

past hawkish simplicities, it is decidedly appealing when he now declares his primary goal to be the safe return of the hostages, and when he rejects any lashing back in the other direction as "a terrorist act in itself."

There are few formulas for fighting these modern shadow wars. The only sensible one is to fight them one at a time, looking for differences, for diplomatic handholds. In 1979 the shah was in a New York hospital; in 1985 some 700 Shites are in tents in Israel. Central facts always differ, Mr. Reagan knows it.

Indeed, he is trying too hard to hide behind the distinctions. He says the crime in Iran was committed by an identifiable government but in Lebanon the criminals are unidentified individuals. Really? Is it harder to deal with Nabih Berri, the Lebanese minister of justice, than it was with Mehdi Bazargan, who for a few feeble weeks was called prime minister of Iran?

Nevertheless, the president and his colleagues are so far pursuing the right goal, and with the true strength of subtlety and patience. They are tempering the natural instinct for vengeance with humane honor. Better to pound walls in private presidential frustration than to bomb villages in blind anger.

President Carter "has skirted the twin dangers of inaction and overreaction," we wrote at the start of the Iranian hostage crisis. "He deserves admiration and support." Let all who are concerned about honorable consistency now leave off twisting President Reagan's tail and give him the same.

—THE NEW YORK TIMES.

Other Opinion

Seized Pawns in a Brutal Game

The biggest blunder of [Mr. Reagan's] presidency was his abortive peacekeeping effort in Lebanon. Especially the shelling of Shiite villages when U.S. marines were under attack. The shelling generated some of the anti-Americanism that led to the present crisis, and might well have taught Mr. Reagan the limitations of armed forces in dealing with suicidal terrorists. There may be a time when retaliation can and should be inflicted with precision against lawless organizations. If so, the world can have greater confidence in Mr. Reagan's prudence for having watched him at this hour.

—The Baltimore Sun.

It is incredible that Lebanon's justice minister should act as spokesman for the Shites [while they hold] innocent airline passengers.

—Aftenposten (Oslo).

Moderate or gangster? What do you have to do to become the strongman of Lebanon? Nabih Berri thinks he has found a triple response: Delfy America, make Israel bleed and show Syria that he is the master.

—Sud-Ouest (Bordeaux).

In Beirut the last pretenses have been dropped. Beirut airport has been hijacked, too, and the same could be said for all of Lebanon.

—Information (Copenhagen).

To capitulate, as other countries have done, inevitably encourages new acts of terrorism. If the demand of [the hijackers] is met, then next week other American air travelers could be seized, and a still higher price demanded for their release. Blackmail is not a one-time thing. Pay it once, and it is certain that blackmailers will be back, again and again and again.

The fate of the hostages remains a matter of

urgent concern. But for now it is best seen as a problem, not a crisis, and it is a problem most wisely addressed by patience, by continued quiet efforts to win freedom for the hostages, by restraining justifiable outrage. Above all, it is a problem to be faced while keeping American principles and interests always in sight.

—The Los Angeles Times.

Neither Israel nor the United States could have mounted a successful raid, even with bombing cover, to rescue the hostages.

—The Sydney Morning Herald.

Impotent frustration cannot last indefinitely in a country like the United States. At some point the impulse that prevails over every other consideration will be to strike blindly.

—La Repubblica (Rome).

Mr. Reagan learned during the martyrdom of Jimmy Carter that the president who makes it an issue of principle not to negotiate with terrorists entrenched in their own territory will see the days mount, the yellow ribbons flutter in the breeze and his own viscera extracted. Ronald Reagan can shrug off a few weeks of embarrassment at a climbdown, a continuous siege with the risk of death to the passengers [would] rot him half a grain a day.

—The Daily Telegraph (London).

Hype is probably the most common error in the treatment of terrorist actions by the media. Hostages are taken precisely in order to capture public opinion in ways that coerce governments. But to be successful what is merely an episode has to be escalated to crisis proportions. In sum, little is gained and much is lost when journalists deal with terrorism as if they were doing business as usual. There is an overwhelming case for self-discipline.

—Syndicated columnist Joseph Kraft.



When the Skies Are Unsafe, Quick Thinking Helps

By Anthony Lewis

ASPEN, Colorado — President Reagan, who found it so easy to attack Jimmy Carter, now knows something about the frustrations of power in a hostage crisis. But in the course of adjusting to reality he may have missed the chance to free the passengers of TWA flight 847 at the lowest possible price.

That is the view of a man especially qualified to understand the hostage problem: Gary Sick, a former Navy captain, National Security Council specialist on Iran under Presidents Ford and Carter and author of the much praised new book "All Fall Down: America's Tragic Encounter With Iran."

The chance seen by Mr. Sick was to meet the terms asked by Nabih Berri, the Shiite leader who took responsibility for the hostages when they were removed from the plane in Beirut. Israel would release the 700 Shites it detained in southern Lebanon and still holds, and Mr. Berri would deliver the hostages.

It would have been a painful bargain, but less painful than some in hostage situations. Washington had already said that the 700 were held illegally, and Israel was moving toward their release. Most Americans would have regarded it as one more terrorist swap and would not have held it against Mr. Reagan.

But that solution was probably available only briefly. Mr. Sick believes — for a day or two. The reason is Mr. Berri's position in the turmoil of Lebanon today.

Nabih Berri is a moderate by instinct, and not anti-American. His children and former wife live in Dearborn, Michigan. He has spent much time in America and still has a resident alien's green card.

A leader like Mr. Berri must worry about trailing behind the fervor of his people. That may be why he moved into the hostage situation: to show that he was the leader. He could not afford to stand aside.

The risk for any such figure is that, unless he acts results quickly, the radicals will take over from him and escalate demands. The model for that disaster was President Abolhassan Bani-Sadr of Iran, who wanted to settle the hostage crisis but was overtaken by the mullahs.

On that analysis, it was essential

for the Reagan administration to act quickly on Mr. Berri's terms: to get the 700 prisoners released. Instead it played Alphonse and Gaston with Israel, hoping that the International Committee of the Red Cross or someone would arrange the release without open American involvement. And time passed, perhaps too much time.

Every day of stalemate turns emotions up another notch among Lebanese Shites. Would they now be satisfied with the release of the 700, or will radicals insist on other demands? Many can be imagined: abandonment by Israel of its "security zone" in southern Lebanon, an end to Israeli support of the South Lebanese Army, release of Shiite terrorists held in Kuwait.

Moreover, the Shiite radicals are not likely to find much incentive for an early settlement in Mr. Reagan's

press conference comments. He virtually forewent use of force while the hostages are held, implying that retribution might follow later. "Time is working against us," Mr. Sick said when I spoke with him. Not only is Mr. Berri likely to be under pressure to escalate demands. Public opinion in Israel, already sensitive over last month's release of Palestinian prisoners in an exchange, may harden. American emotions may rise.

One can see why Mr. Reagan failed to act quickly. The realism demanded by responsibility was at war in him with a posture against terrorism. Both were on display in his press conference Tuesday night. He had to bear the frustration, he said, lest action kill innocent people. But he also said that "America will never make concessions to terrorists," an utterly unrealistic posi-

tion in a nasty world. Every government negotiates when its citizens' lives are at stake.

In the crucial first days of this affair, when Mr. Reagan was coming to grips with it, a strange and deplorable role was played by Henry Kissinger. He went on television to urge that there be "no negotiations and no concessions." Asked what then should be done, he said he was not up to date on intelligence but the president's men could surely think of "something." His irresponsibility was breathtaking. When he was in office, at a moment of high sensitivity he would have insisted on the greatest discretion and freedom from outside pressure.

There are human beings involved here, and a president cannot forget them. That is why an implicit arrangement with Nabih Berri is probably the least bad choice Mr. Reagan has — or had.

The New York Times.

Hijackings, and Worse, May Continue

By Harlan K. Ullman

WASHINGTON — The U.S. government is relatively powerless to take effective action, beyond negotiating, without jeopardizing the lives and safety of the American passengers who remain hostages somewhere in Beirut.

How did the United States find itself in this position, and what can be done about these acts that put at risk the most valuable assets of any country — its citizens?

There is little new in these acts of terrorism presumably performed by zealots willing to give their lives for a cause. Martyrdom has deep historical roots that include causes regarded by our culture as good, as well as evil. What is different today is that large, powerful industrial states are increasingly vulnerable to these types of acts as society offers more and more points of potential leverage to would-be terrorists. Like it or not, we will never be able to protect all of our assets and potential vulnerabilities — whether they be airlines, merchant ships or patriots traveling abroad — with satisfactory levels of safety.

Further, Americans' political rights, indeed the Constitution itself, are levers that terrorists use against them. The media (even this article) provide a forum for terrorists and their propaganda. Media coverage is the terrorist's coin of the realm, and its scope partly defines the success or failure of the terrorists' goals. Beyond that, through media coverage of their acts, terrorists can exert leverage against countries and leaders, possibly to the extent of causing them to fall. When the "Desert One" raid to rescue U.S. hostages in Iran failed, so did President Jimmy Carter's chances for re-election. That is leverage.

We must realize that events like the hijacking of flight 847 will continue and probably expand into other areas that may be more frightening and truly more threatening.

What should be done?

In conditions like the present ones, the elected government must be permitted to get on with the difficult business at hand with limited or muted help from critics. At

some stage that condition need not apply, but not in the early stages.

• There must be serious public understanding of the need for covert operations, pre-emptive strikes and retaliation against those who threaten our system and our citizens through acts of terror. These steps grate against America's national character and its system of individual freedoms, yet without some capability, including an expanded intelligence network to allow these options a chance of success, we will be virtually helpless in future acts of international terrorism.

• Finally, we must understand that terrorist acts will continue. They are an unwanted and entirely wasteful side effect of a free, prosperous and potentially vulnerable society. This is no solace to hostages, present and future, or to their families. But patience must be a virtue. There are few other choices.

The writer, a national security expert, is a senior fellow at Georgetown's Center for Strategic and International Studies. He contributed this comment to the Los Angeles Times.

Gandhi and Reagan: An Understanding Is Progress

By Philip Geyelin

WASHINGTON — What with one thing or another, the world's most populous democracy has only occasionally cut much of a figure in the American consciousness or in U.S. policy preoccupations. India is a good thing and no part of America's cultural heritage. It is South (as in North-South). It is poor and non-aligned. Any right-thinking cold warrior knows that the proper focus has to be East-West in the real world, and that right-thinking nations, wherever they are, must choose sides.

For those reasons and more, the U.S.-India relationship has ranged more often than not from distant to hostile in the nearly 40 years since India's independence. In his memoirs, Henry Kissinger described the encounters in 1971 between Richard Nixon and Indira Gandhi as "the two most unfortunate meetings Nixon had with any foreign leader."

When Mr. Gandhi died at the hands of Sikh assassins last year, her untended 40-year-old son Rajiv succeeded as prime minister. Only a few optimists thought much good would result from U.S.-Indian relations.

So how do you explain last week's extravaganza: the young prime minister's acclaimed address to a congressional joint session; the star-studded state dinner; President Reagan proclaiming this "the year of India"; the gushing accounts of how well the two leaders "hit it off" in their talks?

To begin with, you wait for the oohs and aahs to subside. You then proceed carefully, bearing in mind the trendy and transitory influence of modern communications on American interests and concerns.

Even before the engaging young Mr. Gandhi burst upon this town, India had been looming increasingly large as entertainment ("Gandhi," "A Passage to India," "The Jewel in the Crown") and as tragedy; the mother's violent death, the Bhopal catastrophe, the "Festival of India" road show of Indian culture were feeding the vogue. India is "in."

That is a good thing, India is too big and too important to U.S. security to be as little known or cared about as it has been by most Americans. The bad thing would be to proceed from heightened awareness of India to heightened expectations — to engage, that is, in the popular fancy that somehow this newly discovered India can be "weaned away" from the Soviet Union. To insist on applying the East-West test to a developing relationship with the government of Mr. Gandhi would be to invite failure.

With his cool, collected charm and self-confidence, Mr. Gandhi made

that point clear enough while he was in Washington. India's long frontiers with the Soviet Union, China and Pakistan will determine his policy as it did his mother's and her father's. Nonalignment and noninterference in the internal affairs of sovereign states will be his creed.

But if a sensible awareness of the limits imposed on India by geography is taken into account, it can be said that last week's public and private exchanges between U.S. and Indian leaders did much to define some opportunities for easing strains.

Mr. Gandhi chose the congressional setting to express more active interest than he has in the past in ending the brutal Soviet occupation of Afghanistan and hastening the restoration of independence and "non-alignment" in that tormented land. American diplomats applauded this "shift." What difference it will actually make hinges on Mr. Gandhi's

willingness to work toward some way to ease the darkly distrustful state of India's relations with Pakistan.

Mr. Gandhi may talk of an effort to resolve the Afghan conflict, but his rule on noninterference specifically extends to the role of Pakistan as a conduit for "covert" U.S. aid to the Afghan rebels — a role that puts Pakistan at considerable risk with the Soviet Union. Hence the rationale for U.S. military aid to Pakistan.

Mr. Gandhi professes to see neither the risk nor the rationale. That is, he is for setting the Afghanistan war but not for continuing the pressure on the Soviet Union that might provide some incentive for settlement.

Or so it sounds now. The question is whether the relationship struck up with the Reagan administration will clear the way for something constructive later on. Prime Minister Gandhi conveyed an interest in acquiring U.S. military technology, and may

get some. He did not push for U.S. arms. That is just as well, given the likely congressional and/or administrative reaction while he remains dependent for 70 percent of his weaponry on the Soviet Union. But his interest in military high tech reflects a longer-term Indian goal. By becoming increasingly its own arms supplier, India lightens its dependence on whatever outside sources.

You get the idea: The governments of two vastly different nations, making what appear to be honest efforts to work their way around their differences. Mr. Gandhi let it be known that he got what he wanted.

He had arrived convinced that the nuts and bolts of aid and trade and even policy issues are of no relevance "without basic understanding." He left saying that this was achieved, which is a lot more than could be said for the meeting that his mother had with another American president in another time, 14 years ago.

Washington Post Writers Group.

UN Friends Can Easily Be Counted

By Robert J. Kasten Jr.

WASHINGTON — Now that Vernon A. Walters has taken his seat as the chief U.S. delegate at the United Nations, he will need to cast a wary eye over his shoulder. Many of America's so-called friends there still get away with murder.

The second annual State Department study of UN voting patterns, required under legislation, is distressing, particularly if one tries to correlate U.S. assistance to other countries with their support of U.S. positions in the General Assembly.

First, the good news. It is no surprise that Grenada has gravitated toward the United States since 1983. That year, under a previous regime, Grenada supported the United States in the Assembly in less than one vote in five. In 1983, in 10 votes selected by the State Department as most important to U.S. interests, Grenada was not with the United States once. But in 1984 it sided with the United States 60 percent of the time. On key votes it refrained from voting against it, while choosing to abstain or be absent on six of the 10 most important issues.

In 1984, Israel stood with the United States nearly 90 percent of the time. As for the NATO allies, Britain and West Germany were at America's side at least 80 percent of the time, and Belgium, Luxembourg, the Netherlands, Italy, France and Canada voted with the United States on more than 70 percent of all issues. From 1983 to 1984, France increased its support from 67.6 to 72.1 percent. In 1983, El Salvador, a recipient of U.S. assistance, supported Washington on 70 percent of the key votes. In 1984, while overall it opposed the United States 70 percent of the time, it did not oppose the United States on any major issue.

Now for the bad news. Voting patterns in 1984 were alarming in a number of respects. The Arab bloc sided with the United States in just one vote in 10 — substantially less than in 1983.

African nations opposed the United States in almost 80 percent of the votes. In fact, support from the bloc dropped by one-third last year.

Asian and Pacific nations supported the U.S. side on less than 15 percent of the issues — again, a substantial drop from 1983.

Several NATO allies are not around much when America needs them. Of 153 issues on which the Assembly voted last year, Greece abstained, was absent or opposed the United States almost 75 percent of the time. On two key Middle East issues, the best Greece could do was to refrain from voting.

Turkey was not much better. It backed the United States just 35 percent of the time, down from 40 percent in 1983. It refused to offer support on a key vote concerning Israel's credentials and on a critical vote concerning foreign aid for El Salvador.

Canada's 1984 voting is somewhat perplexing. Even though Canadians elected a more conservative government, Canada dropped from third to eighth among Western nations in its support of the United States.

Mexico opposed the United States more than 90 percent of the time. On key issues of Middle Eastern policy and human rights in El Salvador, it opposed Washington. Among Western Hemisphere nations, only Cuba and Nicaragua provided less help.

The Indian government opposed Washington in the General Assembly in 93.5 percent of all votes last year. Egypt, the second largest U.S. aid recipient, opposed America 87.5 percent of the time, although it did give support on key votes.

The foreign policy of the United States ought to be directed at making improvements in this situation. Again, this year, Congress should keep this widespread lack of support at the United Nations in mind when it reviews requests for foreign assistance. Americans are entitled to expect more from those who call themselves friends and who are quick to line up for U.S. tax dollars.

The writer, a Republican senator from Wisconsin, is chairman of the Appropriations Committee's Subcommittee on Foreign Operations, which oversees foreign aid. He contributed this comment to The New York Times.

LETTERS TO THE EDITOR

The Turkish View Differs

Regarding "A Second Chance for Papandreou and Some Allies" (June 15) by Andriana Terodacton:

Traditional Greek policy vis-à-vis Turkey is well known: to involve the United States and the Europeans on her side in her disputes with Turkey and try to obtain their support for her unjust claims. The theme of a Turkish threat is used as a smokescreen. The allies are invited to make Turkey pay the price for improvement of their relations with Greece.

The Republic of Cyprus was created in 1960 with the equal partnership of the two communities. As in a marriage, the political will of only one side could not have brought it about. The Cyprus problem did not start with the legitimate intervention of Turkey in 1974 but well before, when Greek Cypriots butchered 206 Turkish Cypriots, including women and children, on the night of Dec. 21, 1963, and evicted Turkish Cypriots from the government. Thereafter the Greek Cypriots continued a campaign to try to break Turkish Cypriot resistance against Enosis. Any solution has to take all this into account.

Nor has Turkey sought "a larger slice of the operational control pie in the Aegean." General Bernard Rogers, the NATO commander, made strenuous efforts in 1979 and 1980 to work out a modus vivendi between

Turkey and Greece on the question of operational control in the Aegean. After three visits to both countries he finally obtained the agreement of the parties on a text known as the "Rogers plan." It is this agreement which enabled Greece to return to NATO — but Andreas Papandreou rejected it as soon as he came to power because he wanted to have operational control of the whole Aegean.

The Greek approach to other Aegean problems is the same: an expansionist mentality that sees the Aegean as a "Greek lake." If Greece today changed this approach and accepted the fact that there are high seas and international airspace in the Aegean, it would not be an exaggeration to say that all these problems could be settled in a matter of days. Being one of the two coastal states in the Aegean, Turkey has, like Greece, political, security and economic interests in this sea. What Turkey seeks in the Aegean is just a fair share.

AYHAN KAMEL, Ambassador of Turkey, The Hague.

A letter from the Greek Cypriot Ambassador to France (May 2) distorted the facts about Cyprus. Media coverage of the Jan. 17 summit meeting in New York between Spyros Kyprianou and Rauf Denktaş contradicts the statement that the Greek Cypriot government acted with good-

will whereas the Turkish side raised obstacles. The Greek Cypriot House of Representatives criticized Mr. Kyprianou for not cooperating with the United Nations secretary-general.

The Turks' 1963 rejection of the constitution's revision is not evidence of a Turkish "separatist philosophy." Archbishop Makarios' purpose in amending the constitution was to establish his absolute authority over Cyprus and pave the way toward Enosis, something which was clearly unacceptable for the Turks. The then valid Cyprus constitution was based on international agreements. The Zurich and London agreements establishing the Republic of Cyprus in 1960 had been the result of hard bargaining, exhausting discussions and give-and-take arrangements. The ambassador should know that such agreements are not to be signed one day and amended the next.

The Turks did not withdraw from the government but were ejected. Government security forces ran-

sacked the Turkish vice president's office and killed any Turk daring to come out into the open. Turks would have risked their lives going to their offices in the cities' Greek sectors.

Without the Turkish military intervention of 1974, Cyprus would have been annexed to Greece. The ambassador would not now be representing an independent Cyprus in Paris.

ALAEDDIN GULEN, Salzburg, Austria.

True Roles in Ethiopia

In response to the report "Ethiopia's Orphans: The New Crisis" (June 1):

Youngsters in Ethiopia are being indoctrinated to believe that Western donors have done nothing to help them and that the millions of dollars in food relief pouring into their country comes from the Soviet Union and East Germany. If Western governments and relief agencies cut off supplies, we would see how well Colonel Mengistu's Soviet and East German patrons provide for his people.

I would not advocate such a cutoff. But we must recognize that part of the reason the starvation has been so severe and so prolonged is that Ethiopia is ruled by a cruel, oppressive regime that cares little about its famished people and is determined only to maintain itself in power.

MARK KRAMER, Oxford, England.

FROM OUR JUNE 21 PAGES, 75 AND 50 YEARS AGO

1910: Bryan Sees an Age of Peace

LONDON — William Jennings Bryan addressed a meeting in Edinburgh [on June 20] under the auspices of the Edinburgh Peace and Arbitration Society. Mr. Bryan said he was glad his country was sufficiently prominent in the peace movement to make it proper for him to take part in the meeting. They read, he proceeded, that there was danger of war between the United States and Japan. There was no danger of war between these countries, he said. Nor did he ever expect to see war between two Christian nations again. The political development of the world made for peace, he said, and it would be sad if moral development did not keep pace with political development.

1935: A Change for Pacific Airmail

WASHINGTON — Difficulties between China and Japan with the outbreak of war as a strong possibility, have upset the plans of the United States Post Office Department for trans-Pacific airmail service. Pan-American Airways, which handles the greatest part of air travel over the Pacific, and also has a line in China itself, is understood to have opened negotiations with the British and Portuguese authorities to obtain the use of Hongkong or Macao as an Oriental terminus instead of the present one. Canton, impending hostilities have centered far north of Canton but the city is likely to become the heart of Chinese resistance should the situation become more grave.

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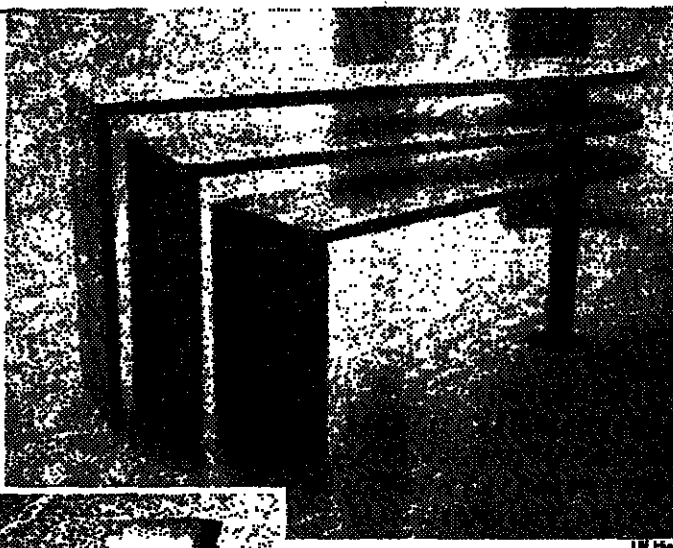
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SWEDEN

A SPECIAL REPORT

FRIDAY, JUNE 21, 1985

Page 7

Glassware and Furniture:
Design for Export Triumph

Some designs from the Far North: The bluebell vase, far left, designed by Lisa Bauer; at left, NELO chair from Knislinge; above, a Lindan 2 table. Details, Page 10.

For Palme, Summer Means One Long, Hot Campaign

By Axel Krause

STOCKHOLM — General election campaigns in Sweden usually do not begin until late summer and often they are low-key. But for several weeks, the ruling Social Democrats and the conservative opposition parties have been battling over the issue that is expected to dominate the voting on Sept. 15: whether or not to reform the welfare state economy.

Most political and diplomatic observers and polls predict that it will be one of the closest elections in Sweden since the end of World War II.

An example of the campaign tactics was reflected in a series of controversial spot commercials currently being projected in movie theaters throughout the country. One shows a distraught youngster in his school cafeteria unable to pay for his lunch; another, filmed in the emergency room of a Swedish hospital, shows an embarrassed mother searching her pocketbook for cash, while her bleeding son waits for treatment and a doctor glowers impatiently. For decades, medical care and school lunches have been provided free of charge.

The message being conveyed by the sponsoring Social Democrats is that the conservative parties, if returned to power, would transform Sweden into "an egotistical society, for economic reasons." Some party officials and even Aftonbladet, a leading pro-government daily newspaper, have criticized the films as embarrassing and vulgar. Many young viewers in Stockholm reacted with laughter. A conservative leader termed it "scare tactics."

Meanwhile, in the center of Stockholm and other major cities last week, young volunteers from conservative parties proposed bumper stickers to passing motorists bearing an equally strong message — the need to immediately dismantle union-controlled wage-earner funds established by the leftist government in 1983. The funds were aimed at purchasing important interests in Sweden's

leading companies, banks and insurance companies, and have been vehemently opposed by the Swedish business community.

Prime Minister Olof Palme, during an interview in his office last week, predicted that "it will be a straight left-versus-right campaign." Appearing relaxed and confident, he said that "we will show that Sweden is on the right path; that we can manage the economy without sacrificing full employment or the welfare state and that we represent the interests of all Swedes." The conservatives, Mr. Palme added, represent "Thatcherism" and about 20 percent to 25

percent of Sweden's population of 8.3 million.

Surprisingly, however, Mr. Palme did not predict a sweeping leftist victory nor that the Social Democrats would gain seats in the legislature. He said he "would like more" than the 166 seats his party won three years ago after six years of conservative rule. That represented 45.6 percent of the total vote. The Communist Party, with 5.6 percent of the vote, obtained 20 seats and joined the ruling coalition.

"We will govern with the Communists [again] if necessary," Mr. Palme said.

(Continued on Next Page)

Palme, in an Interview, Terms SDI 'Very Dangerous' for Peace

STOCKHOLM — Olof Palme, Sweden's prime minister, finds President Ronald Reagan's Strategic Defense Initiative "illusory."

During a one-hour interview in his office last Tuesday, the 58-year-old leader, who has advocated disarmament causes for three decades, said he could understand Mr. Reagan's "search for security." But he said the administration's program, sometimes known as "Star Wars," was "very dangerous" for world peace. He said that conservative party leaders in Sweden agreed with him.

Yet, Mr. Palme did not indicate much interest in Eureka, a French-led project aimed at pooling West European resources in high technology and countering the Strategic Defense Initiative's potential for drawing European resources to the United States. "I have not looked at Eureka yet, but we can understand its applications for peaceful purposes," he said. Commenting on other sub-



Olof Palme

jects, Mr. Palme stated the following: "Violations of Swedish air and water space by the Soviet Union during the past several years have been 'the toughest since the end of World War II.' But recent measures aimed at increasing Sweden's anti-submarine defenses will be effective. 'We have not had any new incidents in a long time, and the

(Continued on Next Page)

Economic Upturn Hinges on Tax, Spending Cuts

By Juris Kaza

STOCKHOLM — By most indicators, the Swedish economy has performed rather well since 1982, when Prime Minister Olof Palme's Social Democrats regained power after six years of conservative government.

Swedish industrial production, corporate profits and exports have all risen sharply, reaching record levels for some sectors during 1984 and promising, in many cases, to stay high during 1985. Sweden's unemployment has hovered around 3 percent.

According to the 1985 economic survey of Sweden by the Paris-based Organization for Economic Cooperation and Development, "overall growth could decelerate to some 2.5 percent in 1985 and 1.5 percent in 1986." Economists at

Skandinaviska Enskilda Banken (SE-Banken), the largest commercial bank in the Nordic region, are more pessimistic.

They predict 1985 growth of under 1 percent and a decrease by 1 percent in gross domestic product in 1986. The downturn may already be starting on the order inflow side. Export orders to Swedish industry as a whole were down 6 percent in the first quarter from the fourth quarter of 1984. SE-Banken economists forecast that exports, generally, will rise 2 percent in volume during 1985, compared to a 6.1-percent rise in 1984. In 1986, Sweden's exports will stagnate, they predict. The trade surplus will decline from nearly 24 billion kronor (\$2.7 billion) in 1984 to 16 billion kronor in 1985 and 14 billion kronor in 1986.

The key economic policy question for any government after September 1985, economists say, will be controlling inflation. Specifically, it is rising labor costs that can undermine the international competitiveness of Swedish goods and services and set off, once again, a whole spiral of adverse economic developments.

"In consumer prices, we are far behind our competitors, most of whom have made big progress in the fight against inflation," said Bruno Johansson, manager of the economic research department at SE-Banken. "Wage cost is an important part of [the problem], as well as the tax system."

The current Social Democratic administration started off in 1982 with what many observers called a "shock devaluation" of the krona

by 16 percent on October 8. This is credited for much of the export-led upturn in Swedish industry.

The policies of Sweden's finance minister, Kjell-Olof Feldt, have also been helped by external factors, such as the unexpected strength of the dollar. Domestically, the OECD survey points to the speed and flexibility of Swedish industry in taking advantage of new international market opportunities.

"Our main criticism of the government is that they have failed to use the opportunity created by the devaluation and the upturn in the international economy to do something of lasting value regarding the main imbalances in the economy," said Lars Tobisson, deputy party leader and chief economic spokesman of the Moderate Party of Sweden, the conservative party that is

Sweden's single largest opposition faction.

On his record in fighting inflation, the finance minister has left himself open to attack, at least if the government's official inflation targets for 1984 and 1985 are accurate. For 1984, the government set a target of 4 percent; actual inflation was double that, despite a temporary price freeze imposed in March. For 1985, Mr. Feldt set an ambitious inflation target of 3 percent at year's end. That appears to have been shattered, in no small measure by the government's May 13 austerity package, which will add at least 1 percentage point to consumer prices through sharply higher interest rates.

"The inflationary goal has been

(Continued on Next Page)

What Lies Ahead for the Welfare State?

By Gunnar Heckscher

UPPSALA — On Sept. 15 there will be elections in Sweden, both to the Riksdag, the parliament, and to local and provincial councils. The outcome is most uncertain.

Until recently opinion polls indicated a win for the non-Socialist parties, so that Prime Minister Olof Palme would have to resign; one of the latest polls has given him a narrow majority. But they all agree on one point: more than 8 percent of the voters are as yet undecided. This reflects the dilemma of contemporary Swedish society.

The welfare state in the accepted sense was established under Social Democratic rule, especially in the decade just before and the two decades just after World War II. It came to be generally accepted that the state had collective responsibilities in the social field. Poverty, as previously defined, was made to disappear. The average standard of living rose steeply and became one of the highest in the world. Prosperity was more and more evenly distributed.

This was made possible by high productivity and rapidly growing exports. Economically, the sky seemed to be the limit. The lot of less favored elements in society could be improved without demands for any real sacrifices from the

Gunnar Heckscher, a professor of political science, was formerly a member of parliament and ambassador to India and the United Nations. He is the author of "Asian Powerplay" and "The Welfare State and Beyond, Success and Problems in Scandinavia."

more fortunate. Resources being virtually unlimited, it was relatively simple to accomplish equitable distribution.

But there is a proverb that says that it is seen to that trees do not grow up into heaven. Things are not nearly so simple today. With exports corresponding to about 35 percent of the gross national product, the Swedish economy depends on international developments far more than on national policies.

The new situation has not been foreseen. In

It could be argued that it does not make too much difference which party is in power. Anybody in charge after 1985 will have to do many unpopular things...

1969 the Social Democratic Party adopted a report presented by Alva Myrdal, who was a minister without portfolio in the cabinet, with the message that their "full employment and social security" were no longer enough. "A policy of equality is what the 1970s demand of our movement," she said. The perfect egalitarian society should be realized, and economic resources were not even to be discussed.

Since then both the economic situation and the attitude of the people have changed. While

the establishment and the welfare state undoubtedly corresponded to the wishes of the great majority and disputes had related to the means of realizing it rather than to the objective itself, perfect egalitarianism was a different matter altogether.

Equality of opportunities was acceptable to everybody, but what about equality of results? The new approach lent itself to jealousy between major social groups, all of whom laid claim to the right of being more equal than others. Who should be favored: blue-collar workers or white-collar workers, farmers, public employees or those working in industry?

In 1951, the Swedish Federation of Labor, which organizes all blue-collar workers, had adopted the principle of "solidarity in wage policies." Wages of its members should be progressively equalized. But now, in 1985, the president of the Metal Workers' Union, in many respects the most important of its constituent bodies, has come out with a statement arguing that there should be an end to equalization between members. Instead, the aim should be to reduce the wage differential in relation to salaried white-collar employees. And trusted Social Democrats in the administration do their best to raise the salaries of higher civil servants to a level comparable to those of senior executives in private industry even though this increases the salary differential within the public sector.

It now appears doubtful whether there will be any increases in prosperity to distribute. Distribution policies can then no longer be made to

(Continued on Page 10)

Selling the U.S. on Fast, Foreign and Family Cars

By Enrol G. Rampersad

TORSLANDA — Volvo and Saab are now diversified industrial groups — the former is even into food — but for car buffs they represent a special sensation on the open road, one that combines engineering solidity, high-level finish and speed.

One American automobile writer said after driving the new Volvo 740 turbo that it was perhaps a bit staid-looking "but it gives you a snug look while nailing the accelerator to the floor and leaving sports cars eating the dust." He meant the feeling a "family man" can have when moving a 3,100-pound (1,407-kilogram) car from zero to 60 miles (97 kilometers) per hour in 8.4 seconds.

The United States is Volvo's biggest market — bigger than Sweden — and if present trends continue, Saab will be selling twice the volume of its cars in the United States that it does at home.

Of the 386,000 Volvo cars delivered last year around the world, some 97,900 were for American buyers. Saab sold 32,768 cars in the United States in 1984 out of a total production of 102,821 and it expects its U.S. market to expand to

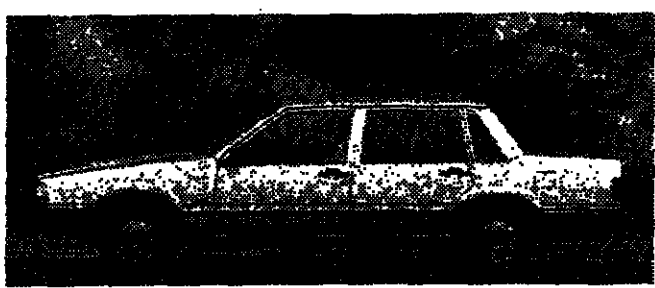
40,000 this year. The Saab has a particular appeal for the affluent young American.

Volvo started selling cars in California in 1955 and has never looked back. Last year was the eighth year in a row that it added to sales. This first quarter was weaker in Western Europe but continued strong in the United States, which, along with Canada, now accounts for close to half of all group sales, including cars, trucks, buses and marine and industrial engines.

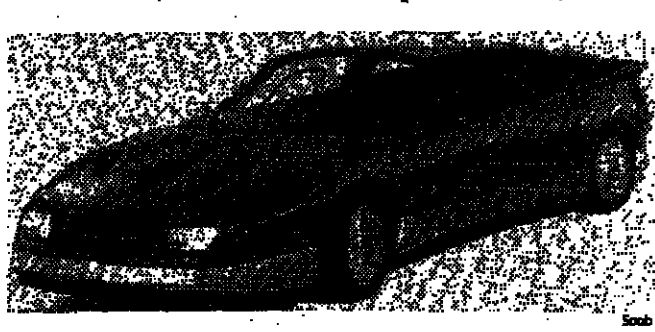
The higher-performance Saab 9000 turbo 16, with a top speed of 138 miles per hour and an acceleration of zero to 63 miles per hour in 8.3 seconds, has recently got itself an American rating as a "large car" by the Environmental Protection Agency.

So the Saab, like the Volvo, is now fast, foreign and family, the characteristics that apparently appeal to its American buyers.

Much of the mystique surrounding these Swedish cars is based on engineering. Both Volvo and Saab pour a lot of money into research and development. According to Volvo's latest technological claim, "The new electronic traction warning system means that as soon as the drive wheels rotate faster than



Volvo's 760, above. Saab's 900 experimental car, below.



the front wheels, a control unit reduces the fuel supply gradually until all wheels rotate at the same speed.

"The system substantially reduces the risk that a car will lose traction while moving under power on icy surfaces," said Ingemar Örtendahl, a Volvo vice president. "This is a key factor considering the harsh Nordic winters."

Saab, for its part, showed a prototype for a two-plus-two-seater

sports coupé at the recent Los Angeles auto exhibition. This Saab 900 turbo EV-1 has futuristic styling with a glass top, a turbocharged engine capable of pushing the experimental car to around 168 miles per hour, lightweight seats, and "energy-absorbing" front and rear sections of extremely lightweight materials. It also has automatic interior ventilation powered by solar cells, entirely new headlights, glass

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A SPECIAL REPORT ON SWEDEN

Summer Means a Long, Hot Campaign

(Continued From Previous Page)

Palme said, but the priority going into the election, he said, is "keeping what we have" in the Riksdag, the parliament, which reconvenes Sept. 30.

Bothering to the Social Democrats is the fact that recent polls show that the conservative parties could win the election, largely because of growing support among Swedish youth and white-collar workers for Ulf Adelsohn, the 44-year-old head of the Moderate Party. He not only has vigorously called for reducing Sweden's tax levels, the highest among industrialized countries, but has openly challenged the powerful role of the state in Swedish society.

"Our message is that the future lies in greater freedom, which means such things as privatization of certain government services and creating greater competition in our economy," Mr. Adelsohn, former mayor of Stockholm, said in an interview in his office at the parliament, where he has served for the past three years.

Mr. Adelsohn said that many of his views are similar to those of Jacques Chirac, the Neo-Gaullist leader and former prime minister of France, who is calling for widespread deregulation of the French economy. "Our message seems to be getting across here, judging from the enthusiastic reactions," the Swedish political leader said.

A senior U.S. diplomatic official described what is happening in Sweden as "American-style polarization" of politics, mainly because of Mr. Adelsohn's aggressive style. "He has captured people's imagination by showing the Swedish model is not a sacred cow, and for Sweden, that is surprising," the official said.

The most recent nationwide poll, published June 13, showed the Moderates winning 27.6 percent of the vote, representing a leading position among several other conservative parties. They were shown obtaining a combined total of between 48.5 and 50.1 percent of the vote. That compared with a total of between 47.8 and 49.4 percent going to the Social Democrats and the Communist Party, which have ruled Sweden with a comfortable majority in the 349-seat legislature since returning to power in 1982. The leftist and conservative parties showed roughly equal strength in Stockholm.

However, the poll by the central statistics bureau also showed a record number of undecided voters. These included an estimated 100,000 going to the polls for the first time, most of whom are between 18 and 21 years of age. In previous years, only about 2 to 3

percent of the electorate were undecided, but this year at least 6 to 8 percent of some 6.1 million eligible voters have not yet made up their minds, according to party strategists.

Stig Malm, chairman of the Swedish Trade Unions Confederation, which has close ties to the Social Democrats, said that the uncertainties were greatest among young, white-collar workers, including government employees, who are attracted by the Moderates' message, particularly with regard to cutting taxes. Mr. Malm said he feared the Communists also may be "losing ground" and that the campaign, as it gets under way, will be "dirty."

Mr. Malm predicted renewed, personal attacks against Mr. Palme and his ministers, some of whom have been severely criticized by opposition leaders in parliament. "These affairs are being deliberately blown up by the bourgeois press and are diverting interest away from the real issue, which is whether we keep our system or move toward a new European-style, liberal-monetarism," Mr. Malm said.

An "affair" frequently cited was the vote of no-confidence against Foreign Minister Lennart Bodström, which was defeated by the leftist majority in February. The charges by opposition leaders clearly implied that the government was unable to cope with the dangers of Soviet violations of Swedish waters and air space and had damaged Sweden's traditional neutrality.

Defense Minister Anders Thunberg has said he plans to resign after the elections but denied this was linked to "the Bodström affair." Although conservative leaders plan to cite the two cases and to attack Mr. Palme's leadership during the campaign, foreign policy, notably Sweden's neutrality, is not expected to be an issue.

"Mr. Palme is controversial, but we do not disagree with the Social Democrats on foreign policy," said Ingemar Eliasson, deputy chairman of the Liberal Party and labor minister in the previous, conservative government of Thorbjörn Fälldin, who has remained leader of the Center Party.

The Liberal Party, with 21 seats in parliament and which draws most of its support from teachers, civil servants and small businessmen, will campaign on the theme of "social responsibility without socialism," hopeful of gaining an additional dozen seats. Mr. Eliasson said. The Liberals could prove crucial in a new conservative coalition, and, like the Moderates, they are counting on the appeal to youth of



Ulf Adelsohn

their leader, Bengt Westerberg, who is 42.

But the Liberals and some Center Party officials are uncomfortable with the Moderate's headline approach to reforming the economy, privatizing government services and urging substantial cuts in Sweden's high income-tax rates. "We must not forget the weakest elements in our society, which might occur by concentrating on the strong, beautiful people," Mr. Eliasson said.

Although the main conservative leaders — Mr. Adelsohn, Mr. Westerberg and Mr. Fälldin — get along personally, the question raised by political and diplomatic analysts is whether they could govern effectively in a new coalition government that ended 44 years of Social Democratic rule in 1976 was led by Mr. Fälldin. But the loose coalition was deeply split over such issues as nuclear power and economic reforms.

"They are still in disarray," said Mr. Palme, adding that this would help his campaign efforts, but he quickly added: "You never know how things will work out, and polls, after all, are polls."

Some of Sweden's most influential business and union leaders, looking beyond the campaign rhetoric, are worried about Sweden's future, regardless of which parties wind up controlling parliament.

"Big budget deficits are the major problem here, and we are paying for it as a society, including through falling competitiveness in world markets," said Hans

Werthen, chairman of Electrolux, Sweden's large appliance maker. Although he does not believe that Mr. Palme is under any immediate pressure to devalue the krona, he thinks the new government will probably be forced to "squeeze harder" through more restrictive policies, in order to finance growing government outlays and control rising inflation.

Jan Ekman, vice chairman of Svenska Handelsbanken, is convinced that if government spending is not substantially reduced, the only alternative will be raising taxes.

"The best period here may be over, and it will be a nightmare situation for whatever party or groups win the election," said Mr. Ekman, who does not hide the fact that he is a Liberal. Asked about "Thatcherism" or a possible "Reagan revolution" in Sweden, Mr. Ekman said: "You just cannot implement those kind of policies here. But that is my opinion... we have never seen so many people undecided about this election."

Even more disturbing, said Mr. Malm, is the prospect that Sweden may emerge from the election politically weakened, governed by a shaky coalition.

"Do not look for dramatic changes here after the election," he said. "But we may possibly emerge with a weak government, with neither side gaining a stable majority."

How can the Social Democrats win? "A lot will depend on our enthusiasm," Mr. Malm said, whose union has some 2 million members.

A Timely Consensus On Security Policy

By Michael Metcalfe

STOCKHOLM — A report on Swedish security policy submitted to the Riksdag, the Swedish parliament, by a parliamentary defense committee last month noted that the report had been unanimously adopted by all political parties represented in the committee.

"This serves to demonstrate the important fact that there is broad consensus in Sweden on the basic features of our security policy," said the committee chairman, Gunnar Nilsson, a Social Democrat and former leader of the labor union federation.

The report, reflecting all-party unity in security policy, is timely. Based on the premise of "non-alignment to alliances in peacetime and neutrality in war," Swedish security policy rests, or falls, on the cornerstone of preserving, and being seen to preserve, a high level of military preparedness.

Sandwiched as it is between opposing forces of the North Atlantic Treaty Organization and the Warsaw Pact, Sweden, together with neutral Finland, acts as a military buffer to preserve the strategic status quo in the Nordic region.

Swedish territory is of immense strategic importance, since it occupies an exposed position between the Arctic and the Baltic Sea outlets, military attaches of Western embassies in Stockholm said.

"If its level of military preparedness and its degree of watchfulness are ever thrown into doubt, the threat arises of the delicate balance between East and West being upset and heightening the threshold of tension in the region," one diplomat said.

The presence of a stranded Soviet submarine in Swedish territorial waters in October 1981 and repeated incursions of Warsaw Pact submarines have raised questions about the level of Swedish security credibility, as well as gone to the heart of its policy of neutrality.

The diplomatic row that followed between Stockholm and Moscow highlighted and threw into jeopardy Sweden's position as a confidence bridge-builder between East and West.



Troops in Götland debark from a Hercules transport plane during maneuvers.



Troops on winter maneuvers in northern Sweden.

The tangible evidence of a Soviet submarine thought to have been carrying nuclear weapons in Swedish waters, together with less tangible but no less disturbing proof of further foreign submarine intrusions in the Stockholm archipelago a year later, brought home to Swedes how exposed and isolated they could be.

The submarine episodes came just as recession and budget deficits were restricting Swedish military spending and encouraging calls for cuts in military forces. Swedish military expenditure remains large. According to the

1985-1986 budget, the defense minister, Anders Thunberg, plans to spend more than 25 billion kronor (\$2.84 billion) in the year up to June 1986 in the area of "total defense."

The main aim of total defense, according to the government, "is to be so well prepared for war that it serves to maintain peace." Possessing no nuclear deterrent and relying on conventional forces to ward off aggressors, Sweden's total security concept is crucial to its strategy.

Despite rationalization measures and cost-saving, Sweden has managed to keep its military spending at about 3.5 percent of gross national product each year, roughly comparable to West Germany, France and Norway.

While the level of military spending remains broadly unchanged, the degree of emphasis has shifted slightly in favor of improving Sweden's anti-submarine warfare capability and its early-warning systems, Defense Ministry officials said.

The case of the Soviet Whiskey-class submarine's presence near Karlskrona naval base, one of the country's most sensitive military installations, revealed loopholes in the early-warning system.

During the period 1982 to 1987, about 1.2 billion kronor has been earmarked to bolster anti-submarine warfare. New types of torpedoes and depth charges for use specifically in the Baltic have been developed, and plans to add four new minesweepers and four helicopters specially equipped with high-frequency sonar to hunt for mine-submarines and other submerged objects have been speeded up.

The air force has problems of its own. Its squadrons of Viggen and Draken fighters are aging

and the scheduled replacement of a large number of these by a new multirole combat aircraft code-named JAS-39, while on time, remains far off in the late 1990s.

The JAS project, tying up more than 25 billion kronor at constant 1981 prices, takes a large slice of the military budget, although the effort and the magnitude of the funds at stake are deemed vital to Sweden's future air-defense capability.

Sweden cannot ensure the continued viability and competitiveness of its arms industry by running the risk of neglecting relations with the United States, particularly in the areas of military hardware and high technology. But its neutrality policy obliges it also not to ignore the interests of the Soviet Union, an observer said.

The difficulty was evident in 1983, when customs officials at the southern Swedish port of Helsingborg discovered that U.S.-manufactured computers were being shipped illegally via South Africa and Sweden to the Soviet Union. The U.S. has banned exports of sensitive electronics and other equipment to the Soviet Union.

The issue of producing armaments for export in a neutral country resurfaced earlier this month, when the head of the Swedish Employers' Federation, Claes-Ulrik Winberg, resigned pending the outcome of a police investigation into reports of sales of explosives to Iran by the armaments and explosives company Bofors during the time he was the firm's managing director.

The latest incident comes at a time when the incumbent Social Democratic government is fighting hard to ensure the credibility of its security policy among the electorate.

Hello Europe!

Here are the results of the Telecom Contest if there had been one.

In the Household Telephone Charges Division Sweden won with SEK 105 a month, second came Holland, closely followed by Denmark.

In the Business Division the order was reversed: Denmark, Holland, Sweden.

HOW COME SWEDEN HAS THE LOWEST CHARGES YEAR AFTER YEAR WHEN EVERYTHING ELSE IS GOING UP?

We haven't raised the price of ordinary phone calls since June 1983 and we've promised the Swedish public not to raise it in 1985 either.

But low charges mean more people ringing and talking for longer. No country has more phones per capita. No country has a better mobile telephone service — an automatic system covering all of Scandinavia.

No country has developed a better AXE system...

THAT'S ENOUGH BRAGGING FROM YOU, YOU HAVEN'T GOT A BUZZY BIRD LIKE ENGLAND AT ANY RATE.

No, we hardly have any telegraph poles for funny little birds to perch on. Eighty

percent of all our cables are buried.

Talking about that — have you heard that we've just started installing a digital network that will be serving all of Sweden by 1987?

Digital 87 is what we call it.

WHAT WAS WRONG WITH THE GOOD OLD TELEPHONE LINES?

They can't handle all the data traffic. They get overloaded. We have more modems connected than any other country, so we need an electronic speedway to take big volumes of fast traffic.

BUT YOU DON'T SEND ITEMISED ACCOUNTS, I HEAR?

No, it would cost nearly as much as Digital 87 and all subscribers would have to pay.

It's low charges that make people happy.

Televerket

Swedish Telecom

Economic Upturn Hinges on Tax, Spending Cuts

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totally put upside down," said Cheong Han Kim, the Korean-born senior economist of the government-sponsored, independent National Institute of Economic Research. Before the austerity measures, the institute forecast the average inflation rate during 1985 would be 6.3 percent, based on a labor cost increase of 7 percent, in contrast to the government's hope for a 5-percent rise.

A major problem, according to many economists, is a wage-formulation system that dooms Swedish labor costs to rising at least 10

percent every year regardless of what else happens in the domestic or international economic scene.

"There is a general risk that wage drift [wage hikes in excess of labor contract levels] will be rather higher than what has been included in the government's calculations," according to Mr. Kim.

"The most recent indicators of export prices suggest that exporting firms are increasing prices more than our forecast implies," Mr. Kim added. "It is a consequence of the firms' not being able to increase prices in Sweden because of the

price freeze. That could be an unhappy indication if sustained."

Non-Socialist economists tend to blame Sweden's well-organized labor unions and their policies of "wage solidarity" for regularly pricing the nation's exports out of international markets. But Rolf Andersson, an economist with the Landsorganisationen, the Swedish trade union confederation known as LO and representing some 2 million workers, said that productivity has, so far, kept pace with wage hikes.

"For the greater part, higher wage increases have been compensated by higher productivity increases," Mr. Andersson said. But he added that "this can't last indefinitely."

Sweden's labor negotiations have, traditionally, been highly centralized. LO and the Swedish employers' federation, known as SAF, would reach agreement on how much Swedish industrial wages, generally, would increase, with various industry sectors and unions then deciding the specific apportionment of the wage hike. The principle of "wage solidarity" was applied, aimed at closing the gap between low and high wage grades, as well as ensuring equal pay for equal work in all industries.

Centralized wage talks broke down in 1984, when the employers' federation and some unions wanted contracts to be signed on an industry-by-industry basis. The re-

sult was that the government's 6-percent wage guidelines were widely ignored and labor costs rose by about 9 percent. In 1985, a semblance of the old "order" was restored with the 5-percent ceiling agreement between the unions and the federation early in the year.

But the appearance of labor market harmony was quickly shattered by a nearly three-week-long white-collar, public-employees strike in May. The strike got international attention by cutting off all air connections with Sweden and stopping most international trade due to walkouts by airport personnel and customs inspectors.

"The problems for Sweden is that we have organizations on the labor market that are very strong, and especially, the public-sector labor organizations do not have the same feeling for the importance of pressing down wage increases as there is in the private sector," said Lillemor Thelin, an economist and vice president of Svenska Handelsbanken.

"After the election, irrespective of who wins, there will be a reduction of interest rates and tighter fiscal policy, and this is a recommendation that many economists make," according to Oile Djerdan, an economist at FK-Banken, the state-owned commercial bank.

Mr. Feldt said that he has kept government spending under control without cutting into the broad and liberal range of social benefits available in Sweden.

Palme, in an Interview, Terms SDI 'Very Dangerous' for Peace

(Continued From Previous Page)

conservatives here trust us" on the handling of foreign policy, which includes relations with Moscow.

Commenting on a prediction made to an American reporter in 1981 that "Reaganism will not function" in the United States and in other Western economies, Mr. Palme said, "The reason Mr. Reagan has managed until now is because that is based on a large federal deficit, and there may end to that." Meanwhile, "Thatcherism is not working out well in Britain and Chancellor [Margaret] Kohl is in trouble" in West Germany, because of rising unemployment there.

He said he had achieved success in economic policy since taking power in 1982 by steering a middle path between the expansionary policies of France, which were abandoned

a year after the Socialists took power in 1981, and the highly restrictive monetary and fiscal policies of Prime Minister Margaret Thatcher of Britain. "Ours is the third way, and we also have kept unemployment down to under 3 percent."

What if he is re-elected? "We have come about halfway [since 1982] and in the next three years, if we win, we will try doing more for the underprivileged in Sweden and encouraging environmental causes." Does he plan new austerity measures? "Not necessarily, because we disagree with the OECD estimates." The Organization for Economic Cooperation and Development, in its June 3 report on the Swedish economy, warned that Sweden faced weaker economic growth this year and in 1986. "Our projections are better than that," Mr. Palme said.

— AXEL KRAUSE

THE MOTORING JOURNAL "WHAT CAR?" HAS CHOSEN THE BEST DIRECTORS CAR FOR 1985

CARS OF THE YEAR

Saab's stunner is top

A new turbo engine and stylish body modifications have done wonders for the ageing 900 model

Saab's 900 Turbo just goes on and on getting better and better all the time. The racy Turbo 16S first came to Britain in the middle of last year and is the most dramatic version yet. Because of its unique combination of phenomenal performance, driver appeal and sheer practicality it thoroughly deserves its first place status. It's powered by the existing 2.0-litre inline four-cylinder engine that with the existing turbocharger system (allowing it to run on any grade of fuel) it turns out 175 bhp with torque to match. On the road the Saab is a superbly refined machine to drive: it's very fast on full turbo boost and a superbly refined machine to hold its head— a degree of turbo lag for a moment, but the handling is firm and precise. On the outside, the sleek, skinned body may look a touch flamboyant but the Turbo 16S is a roomy interior has all the practical touches for which Saab are famous. An excellent director's choice.

FOR STYLISH AND RACY LOOKS, SMOOTH AND FAST TURBOCHARGED ENGINE, LUXURY TRIMMING INSIDE

AGAINST DESIGN NOW LOOKING DATED, 900 MODEL ON THE WAY SOON, EXPENSIVE TO MAINTAIN

DIRECTORS CARS	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Saab 900 Turbo 16S	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100

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That's what the people at the British magazine What Car? said in their April issue when they chose the Saab 900 Turbo 16S as the "Best Directors Car" for 1985. (In America, this dazzling car is referred to as the Saab 900 Turbo 16 SPG, Special Performance Group.)

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One thing's certain, the Saab 900 Turbo 16S is not a car for the typical driver.

It's for people who have a little bit of Charles Lindbergh or the Red Baron in their blood. That's because the 900 Turbo 16S has a little bit of Saab's aircraft in it. Aerodynamics. Precision engineering. Man-machine interaction. All-weather dependability.

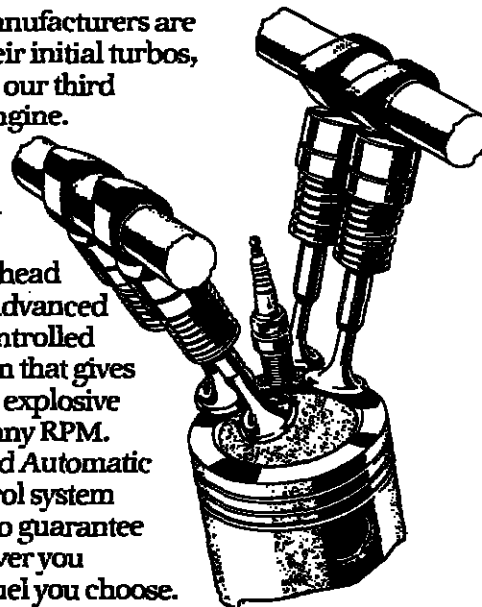
Under the hood of this turbo lies a power plant that is an advanced stage of the evolution of the internal combustion engine.

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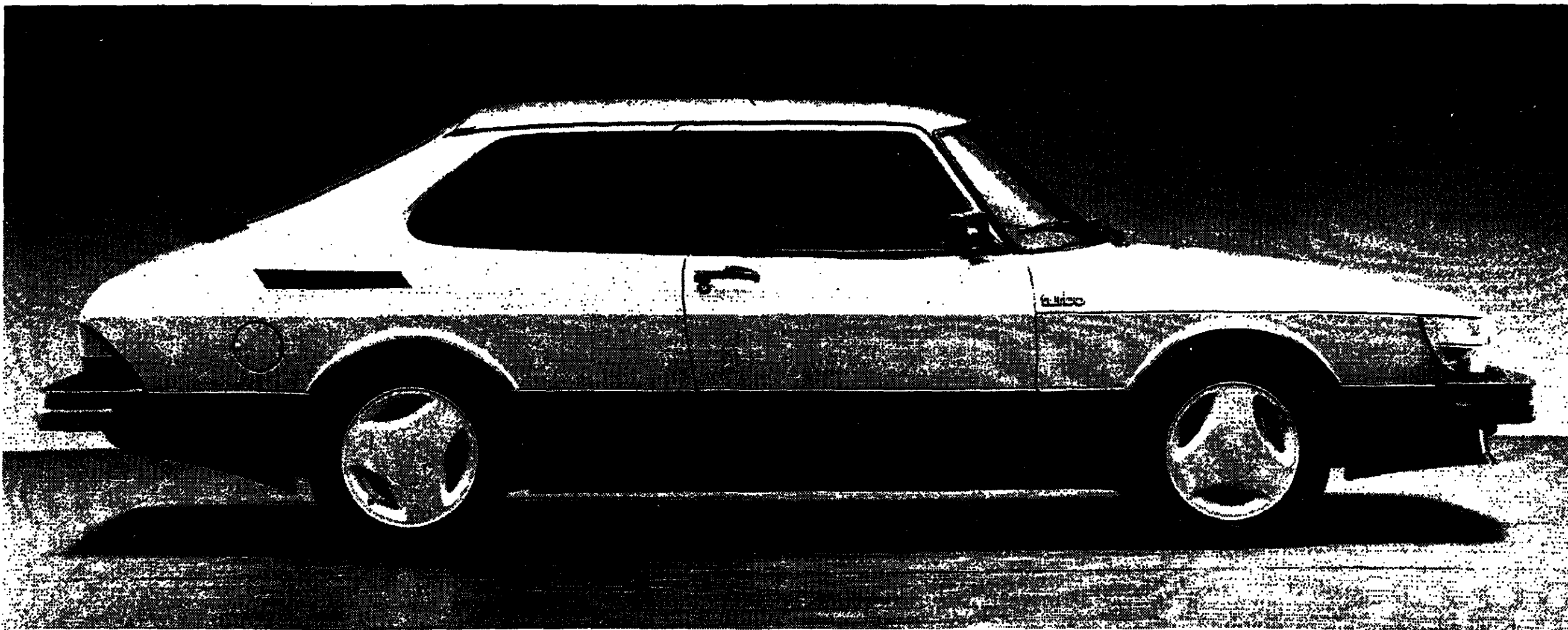
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SAAB

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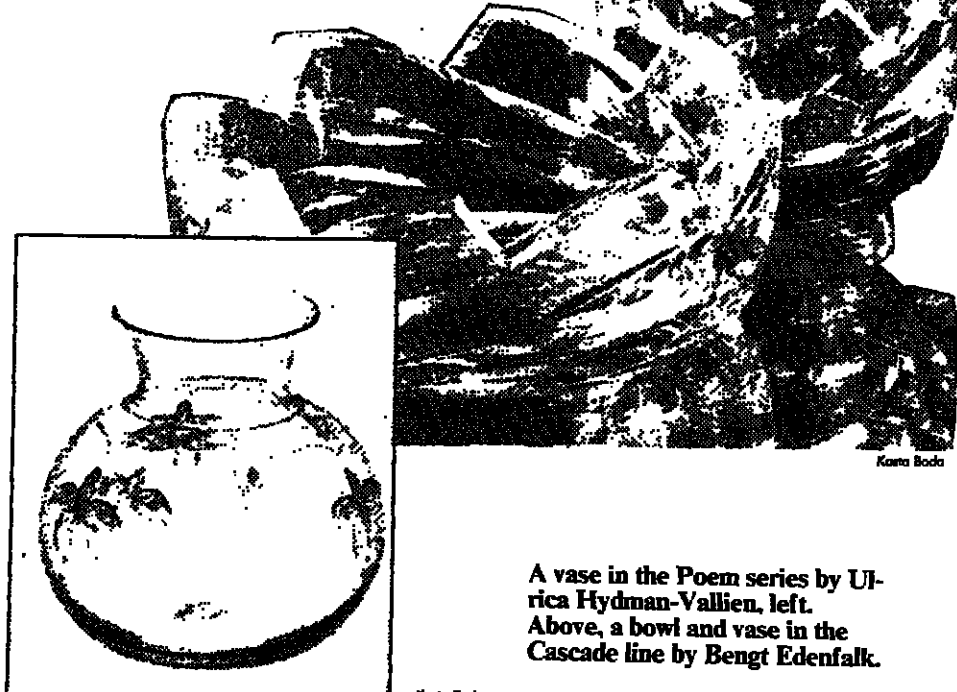


A SPECIAL REPORT ON SWEDEN

Glass Leaves the Cottage for the Industrial Plant



The Barclay vases, above, by Gun Lindblad.



A vase in the Poem series by Ulrica Hydman-Vallien, left. Above, a bowl and vase in the Cascade line by Bengt Edenfalk.

KOSTA — "Glass has its own will," said Anna Ehrner, one of the designers at Kosta Boda, Sweden's largest glass producer. The observation applies with equal force to Swedish design overall.

Whether in glass, silver, ceramics, textiles, furniture or industrial design, Sweden has fashioned a special place for itself in contemporary international design.

Whereas Swedish design internationally is judged as being synonymous with Scandinavian design, it has developed its own line of direction.

As Åke Hult, organizer of a current exhibition of Swedish glass at the Swedish Cultural Center in Paris, said recently: "The variations of Scandinavian design have come to be regarded in the world as dialects of the same language." (The exhibition, entitled "Un Art du Feu," is at the Centre Culturel Suédois, 11 rue Payenne, to July 14.)

But just as each of the countries making up the Nordic region possesses its own language quite distinct from that of its neighbors, so design in each is distinguished by its own speech patterns and terms of reference.

Denmark is eager to keep furniture and silver as national design motifs; Finland leads in textiles and jewelry; Norway derives its strength from industrial design and wood products, and Sweden loves its glass.

"I think Swedish glass has a special place in the hearts of Swedes as a national treasure," said Mr. Hult, who has collected some 150 pieces from 24 artists for the Paris exhibition.

At Kosta, a small tranquil town skirted by woods in the heartland of Sweden's Småland province, in the southeast corner of the country, it is easy to see why. The factory outside the town houses a glittering treasure trove of glass dating to 1742, when Kosta was founded as a glassmaking community.

Since then, its fine crystal, its skillful engravers and polishers have carved out a unique name in the field of decorative glass, matched perhaps only by Orrefors, another leading Swedish glass manufacturer.

But companies, like glass, fuse. In the mid-1960s, Kosta merged with Åfors, which, with designer Bertil Vallien, had as its specialty everyday table glass. It later joined with Boda, which had focused on experimentation under designer Erik Hoglund. Orrefors ceased being a family business in 1971, becoming part of a larger conglomerate.

"These ownership relations have their interest, since they also affect production and design," said Katja Walden, author and translator, now chief of information at the Swedish Cultural Center in Paris. "The glass produced by Kosta Boda now is a part of stocks covering objects for the whole table, in glass and porcelain."

The emphasis has now switched from a cottage industry to a large-scale industrial operation focused on increasing exports, Miss Walden said.

Most Swedish glass is produced in a small area in Småland, where fewer than 20 glass companies are active, employing some 2,500 workers. The largest is Kosta Boda, followed by Orrefors. The others employ between 20 and 200 persons each.

At the Paris exhibition, one can view some of the best examples of contemporary Swedish glass design from Kosta Boda, Orrefors and the independent smaller companies. Included are works from Kosta's Mr. Vallien, Ulrika Hydman-Vallien and Anna Ehrner, and Orrefors's Olle Alberius, Gunnar Cyren and Eva Englund. Mr. Vallien, originally a ceramist and sculptor, is one of the founders of the "new" Swedish glass. Mixing techniques and colors, often in the same glass, his forms are sand-blasted expressions of organic growth molded by spontaneity and strictness of design.

Stating his view of the designer's task at Kosta Boda, Mr. Vallien said: "Free experimentation is often called, by the managers, 'playing around,' but that is decidedly the wrong expression. Freedom to experiment with forms and materials is absolutely necessary and extremely serious. It is our form of research."

At Orrefors, Mr. Alberius is continuing to evolve the glassmaker's pure classic lines of the 1920s, fashioning his bowls and vases in crystal, with cut, etched or colored displays.

"You have to build up a natural relationship with glass; it's a material with its own characteristics and properties," says Eva Englund, who works with free glass sculptures.

For Mr. Hult, form and function are fused in Swedish glass design to produce a translucent harmony between the designer's vision and the craftsman's technique. But Mr. Hult is careful to note that "glass design in Sweden does not predominate but rather is a single important facet in the overall picture."

Design in Sweden runs in two directions. First, there is the interest in utility goods, to give good shape and form to ordinary household items; secondly, there is the movement to freely express artistic values in materials such as glass, silver and wood, which has become known as "industrial art."

"After a period of strict technical and social preoccupation, we are beginning to revert from what was perhaps frequently an excessively one-sided aesthetic design, sometimes lapsing into mere styling, to the concept of design as

form," according to Helena Dahlback Lutteman and Lenart Lindqvist, authors of a book on contemporary Swedish design.

They also emphasize the role of industrial design. "In earlier decades, silversmiths, potters and other trained craftsmen, as well as engineers and other technologists, were involved in industrial design and often concerned with complex technical products," the authors argue. "Nowadays, things are becoming more and more specialized."

One example of this trend in Sweden is design for the disabled. Here, the team of Maria Benktzon and Sven-Eric

Juhlin lead the field, pioneering research and development of utensils and equipment for people with impaired muscular strength and mobility.

The Stockholm-based team designed, for example, a kitchen knife with an extra high blade, good balance and new grip for hands afflicted by rheumatoid arthritis or similar muscular disabilities.

Other utensils, which have since become household items in Swedish homes, nursing-care units and hospitals, include stout-handled cutlery, a tong with a pistol-grip handle and supporting arm to lift objects with minimum effort and maximum support, and protective glass and overware.

"The designer, working in industry or on a consultant basis, has a clearer profile than previously," said Dag Widman, chief curator of the applied arts department at the National Museum of Fine Arts in Stockholm. "In collaboration with other experts, he gives form to part of the environment, such as, for example, a complete hygiene system, or he attempts to solve the problems of the handicapped."

The link between form and function is omnipresent in Swedish design, whether in the field of furniture, textiles, ceramics or silverware.

Furniture designers Borge Lindau and Bo Lindekrantz, for example, like to combine materials and functions in novel ways: here, a conference table that can be turned into a dining table and then into a Ping-Pong table; there, a stackable stool of chromium-plated or enameled tubular steel with plastic seat.

—MICHAEL METCALFE

A Land Where the Wilderness Is Family-Friendly

LOFTAHAMMAR — Mountains, lakes and forests form the quintessential Sweden, and foreign tourists with a love of the outdoors have long followed in the footsteps of the first prominent tourist to Sweden, Charles Rabot, a Frenchman, who conquered Sweden's highest peak, Kebnekaise, back in 1883.

Today, the peak is climbed every year by thousands, while thousands more, particularly visitors from Denmark, West Germany, Finland and the Netherlands, roam over

what is one of Europe's last remaining wildernesses.

The Swedes realized early that many other Rabots lived in the crowded, even then polluted cities farther south. They founded their National Tourist Association just two years after the Frenchman's climb. They built a system of trails, overnight cabins and mountain stations and also set up youth hostels, which alone account for 850,000 overnight stays a year. There are a number of young visitors from the United States, although nowhere near the total from West Germany.

Sweden's wholesome style of living has long fascinated its European neighbors. Today, the tourist association is selling Sweden's non-mountaineering attractions, starting with the capital city Stockholm — rightfully described in the brochures as "the city that floats on water" — and including the western coastline around Göteborg, the large Baltic island of Gotland, with its old Hanseatic city of Visby, and the 3,000 lakes and the many folk traditions of Värmland.

The capital's main attraction is its proximity to water. A vintage

steamship from the quay opposite the Royal Palace takes a quarter of an hour to reach the outskirts of the Stockholm archipelago, a unique labyrinth of 24,000 islands and islets stretching 55 miles (89 kilometers) out into the Baltic.

A more distant kind of sailing is offered by the Viking and Silja lines, which make daily trips to Helsinki and other Finnish ports. An unusual opportunity for sailing to the Soviet Union from Western Europe can be had through the ScanSov line, which has regular voyages to Leningrad. ScanSov,

which takes care of arranging visas and accommodations, also offers a combined eight-day trip to Leningrad and Moscow, with the journey to the Soviet capital by train, "soft" class, from Leningrad. The package also includes guided tours and evening entertainment.

The water in the middle of the capital is clean enough for swimming, and it is not unusual to see salmon fishermen on the city bridges. Boats also sail to the freshwater archipelago of Lake Mälaren, with its uninhabited islands covered with woods and wildlife. A regular service sails to Drottningholm Palace, the permanent home of the royal family and Sweden's mini-version of Versailles. Next door is the Drottningholm Court Theater, the oldest in the world, with summer performances of opera and ballet.

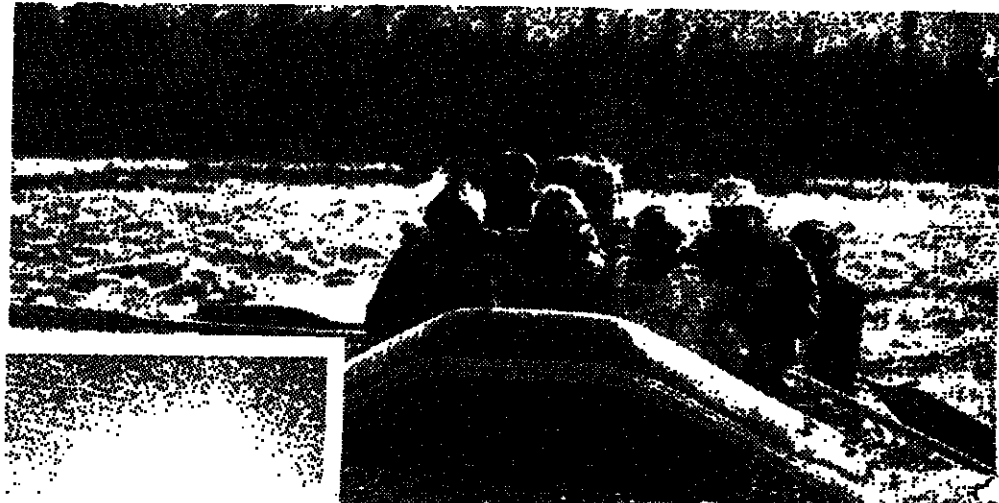
"Spånmånde," said Ulla Huzell, a visiting radiology technician from Linköping, describing the "excitement" of Drottningholm. "I have been to Versailles — and it is pretty," she said. "But the water around Drottningholm gives it a special beauty. Nature in harmony, that is what we strive for in Sweden. It is all so *spånmånde*."

A group of small islands near Stockholm called Fjärdaholmarna is being opened to the public.

Not far from the center of Stockholm, near Lidingö, are the Carl Myles gardens, famed for its sculptures. "This is one of the most beautiful spots in all of Stockholm, where one can come to relax and enjoy the calm, away from the bustle of the capital," said Magnus Tobiansson, a recent high-school graduate from Hålsjö, as he helped a friend assemble her cycle. They planned to spend part of their summer "exploring the wonders" of the city, they said, especially the galleries of Gamla Stan, the old town.

There are car/train packages that make it easier to get around this large country and new low-price air and rail connections to encourage visitors to leave their cars at home if they want.

Sweden is one of the few countries to make a conscious effort to please very young visitors, with prices that make it easier for whole families to go out together. Aside



Vacationers exploring the Kaitum River, above, left, and a chalet in winter snow, right.



Swedish National Tourist Office

Swedish National Tourist Office

from the Kolmården zoo and safari park outside Norrköping, with its dolphins, elk, bears and "wilderness hotel," there are *sommarland*, summerlands, in several parts of the country where children can enjoy pony-riding, canoeing, cycling and water-chuting.

Sizable family discounts can be had in the cities. Liseberg in Göteborg is Sweden's largest amusement park, with free entry for the youngest and cheap rates for older children.

The past winter tourist season in

Sweden broke records, and the camping aspect of winter sports has been expanded for the benefit of summer visitors.

Camping now represents a major portion of the rise in summer tourism. Some 63 new camping grounds are spread over the country, and the Swedish Camping Book for 1985 lists more than 700 sites, two-thirds of which are rated two or three stars.

Most camps charge from 35 to 55 kronor (about \$4 to \$6) per night for the entire family, including car

and caravan or tent. There is no per-person charge, and this is probably the cheapest rate in Europe, given the high standards. In addition to the regular sites, some 180 camping grounds offer facilities for the disabled.

Camping grounds have often developed into full-scale holiday resorts where tourists can hire boats and bikes, canoes and windsurfing boards. More and more grounds are open year-round, with summer tennis and winter fishing and ski lifts.

—ERROL G. RAMPERSAD

The Volvo Group

Volvo is an industrial group manufacturing products of superior quality and providing outstanding service.

Volvo's growth and development have been mainly within the transport equipment industry. Today Volvo produces cars, trucks, buses, construction equipment, marine, industrial and aircraft engines and more. The activities within the Group have been broadened to encompass energy and food.

In the energy business, Volvo is active in oil trading as well as prospecting and recovery of oil and gas through associated companies.

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Highly international, with 85% of sales outside Sweden, the Volvo Group has activities all over the world.

The Group employs 68,500 people and is owned by 160,000 shareholders, none of whom holds more than 6% of the voting rights.

The Group has an annual turnover of around almost 90 billion SEK (10 billion USD) and its return on total capital of more than 20%, makes Volvo one of the most profitable companies operating in the automotive industry.

VOLVO

What Lies Ahead for the Welfare State?

(Continued From Page 7)

favor all and sundry. By the same token they can no longer remain universally popular.

Other problems also rise to the surface. The welfare state is, by definition, interventionist, and perfect egalitarianism calls for even more intervention. Swedes have been criticized by foreign observers for being excessively docile in face of such tendencies. But there may be a limit even to their patience. Freedom, as opposed to regimentation, has again become a popular watchword. This troubles the Social Democrats, who reply with the argument that no real freedom is possible without security and equality.

Taxes — especially direct taxes — are higher in Sweden than in other countries. Their impact is felt not only by "the rich" but also very much by such "ordinary people" as skilled workers and clerical employees. Swedes are still ready to work rather hard, but quite a number of them would apparently prefer to keep a greater part of their earnings for use according to their personal preferences.

It was assumed that unemployment should never again become a problem. Indeed, it is still very much lower in Sweden than in other OECD countries. But even in the present period, when industry is on the whole doing quite well, it remains very definitely above the traditional level. And labor relations are by no means as peaceful as they used to be. Recently, white-collar workers in the public services staged a

strike that included air-control personnel at all major airports and customs officers at the frontiers. The disturbance of the national economy was substantial and quite disproportionate to the issues at question. Foreign trade was almost stopped for three weeks.

Swedish exports have benefited from three major devaluations of the currency as well as from the rate of exchange of the U.S. dollar. The latest devaluation, at the advent of the Social Democratic government in 1982, was of 16 percent. It was, however, not followed up by vigorous austerity measures, and the effect is now wearing off. There are even those who say that another devaluation may prove necessary, although the size of the latest one was justified by assurances that nothing of the sort would ever take place again.

Yet, the welfare state as originally envisaged is something that few Swedes are willing to forgo. Reaganomics or Thatcherism are not popular outside small groups of intellectuals. And many voters are probably afraid of what a "bourgeois" victory on Sept. 15 would mean in that respect.

In fact, it could be argued that it does not make too much difference which party is in power. Anybody in charge after 1985 will have to do many unpopular things, and maybe Social Democrats could be good at pursuing "bourgeois" policies.

But the approach would not be the same.

Austerity, to a labor government, usually means higher taxes; perhaps indirect taxes in the first place, but so far there seem to be no prospects of that. When Social Democrats talk of getting away from "blue politics" they have in mind nothing beyond support from or coalitions with one of the smaller non-Socialist parties. These, on the other hand, are afraid that much accommodation may prove suicidal from their point of view. And at least, Mr. Palme has given no indication that he could think of an all-party consensus policy.

RIDIN

A SPECIAL REPORT ON SWEDEN

Manufacturing Sector Provides Core of Industrial Recovery

STOCKHOLM — Swedish industry, which has slowed several times over the past decade, is heating up again, although not without some friction.

Industrial performance, when measured against its chief international competitors, is making strong headway. Production, profitability and investment are increasing.

The manufacturing sector has become the core of the recovery, generating sufficient momentum to transform ailing sectors, such as steel and shipbuilding, into going concerns.

"In terms of long-term industrial prospects, we are now on a much sounder footing than on earlier occasions," said Michael Sohlman, deputy undersecretary of state at the Finance Ministry.

The official viewpoint is shared by industry. "Investments in Swedish industry continue to increase and, combined with a comparatively favorable competitive position, the underlying production trend for major parts of Swedish industry is positive," the Federation of Swedish Industries said in a recent report.

A two-week labor dispute in May involving more than 100,000 public-sector employees, while par-

alyzing air and rail services and hampering foreign trade, appears to have been settled before major damage to the manufacturing sector could occur, economists said.

However, the conflict highlighted the friction under the surface of Sweden's smoothly functioning industrial machine, recalling a major strike in May 1980, when a 10-day labor unrest pared half a percentage point off that year's gross national product.

"I think it's fair to say that, lucky for us, the latest strike was too short-lived to hit manufacturing industry's strength," said Lars Mathelin, another senior Finance Ministry official.

But officials and industrial economists are acutely aware that rising wage costs could blunt industry's competitive edge, honed by two double-digit devaluations in 1981 and 1982. The industry federation forecasts that hourly wage costs could rise by between 7.5 and 8 percent this year, twice as much as in competitor countries.

"One should not get dizzy from success," Mr. Sohlman said, adding that much remained to be done to curb inflation and keep industrial recovery going.

The performance of Swedish industry is crucial to the chances of

the Social Democratic government of Prime Minister Olof Palme when national elections are held in September. After dismal showings in opinion polls earlier this year, Mr. Palme's administration appears to be recovering following the strike's settlement.

Industry, despite the dispute and cost increases, continues to benefit from the world economic recovery, coupled with fundamental changes in its structure accomplished over the past four years.

The government's industrial strategy, Mr. Sohlman said, has been orthodox. By attempting to put straight industrial and economic fundamentals, it has put the emphasis on improved profitability and a sufficient degree of demand.

"The strategy has been built around our goal of raising employment levels and cutting inflation," he said, adding that the government has shifted from a defensive support of ailing sectors of industry toward more expenditure on improving infrastructure and the breeding ground for high-technology areas.

It is undeniable that the acceleration in industrial performance has been export-driven. "During the period 1982-84, substantial growth was geared to raising the levels of

net investments and net exports," Mr. Sohlman said. This resulted in a 1984 export surplus more than double the previous year's level, swinging the current-account balance of payments into a small surplus after years of deficit.

Official statistics show that the industrial sectors carving out the best performance in export value were trucks, cars, pulp, steel and iron ore, while exports of ship tonnage were more than halved.

Overall industrial production has jumped a cumulative 20 percent from the trough of 1982, when output was lower than eight years earlier and when Sweden's share of world exports and of fixed business investment exhibited marked declines.

The turnaround has been broad-based and shows signs of being maintained this year, although at slower growth rates. In the first quarter of this year, general industrial production rose by 7 percent in volume terms from comparable 1984 levels, with output in the rapidly expanding engineering sector growing 14 percent, statistics show.

The industry federation, in its latest survey of the plans and assessments of 250 leading Swedish companies, estimates that industrial production will grow by 4.5 per-

cent in 1985, slowing from a 6.8-percent annual expansion rate last year.

The fixed-investment plans of the companies in the survey also reflect expansion, indicating an increase in value terms of 45 percent this year, corresponding to a volume growth of one-third, although these initial forecasts may be downgraded slightly.

In 1984, volume investments were up 16 percent on the previous year's levels. Investments in plant and buildings rose by 40 percent, while those in machine tools increased 10 percent.

Industrial sectors reporting general investment increases of more than 25 percent last year included iron and steel, metal manufacturing, textile and clothing and the automotive branch.

Utilization of industrial capacity also improved steadily throughout 1984, reaching 87.2 percent in the fourth quarter, 3.8 percentage points higher than in the comparable 1983 quarter, and with all industrial sectors except mining and the textile and clothing industries registering increases.

Particularly high utilization percentages were seen in the chemical industry, engineering (excluding

shipyards) and in the pulp, paper and printing sectors.

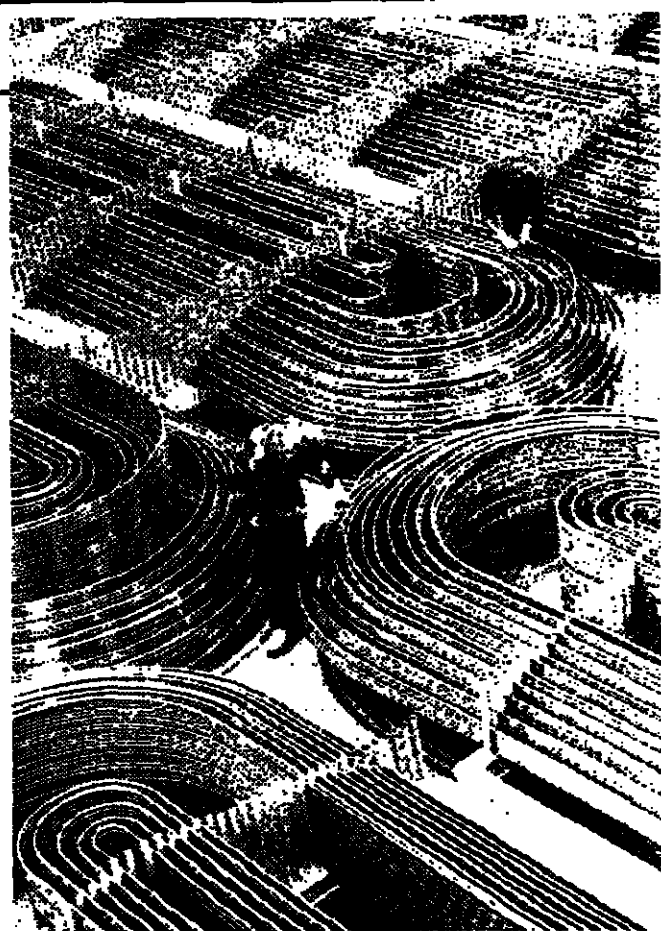
Profitability levels also pointed to the buoyancy of Swedish industry last year. As the Paris-based Organization for Economic Cooperation and Development noted in a report on Sweden published earlier this month: "In this respect, both 1983 and 1984 saw dramatic improvements, bringing profitability in most branches close to or above the levels of the 'golden year,' 1974."

Shipbuilding, while remaining a problem area, has been streamlining its operations, closing down unprofitable shipyards.

For its part, the government has in the past focused most of its efforts and resources on the task of restructuring troubled sectors through direct support measures, such as subsidies, soft loans and capital injections. The task of indirectly promoting new sectors and growing industries through financial incentives and channeling private savings into fresh investments is relatively new.

Whether the present government will have the chance of furthering this industrial policy depends on the electorate's judgment in September.

—MICHAEL METCALFE



Sandvik Steel produces and markets special steel in the form of tube, strip and wire, predominantly in high-alloy and stainless steel.

Debate on Labor: What Happened to the 'Swedish Model'?

SALTSJOBADEN — This tiny spa on the chain of islands stringing together the Stockholm archipelago, serene and tranquil as it is, hardly seems the setting for fiery debate between labor unions and employers.

But it was here in 1938 that Swedish unions and management forged an agreement out of which grew what became known as the "Swedish model," the key to harmonious industrial relations over more than four decades.

The ghosts of union leaders and industrialists of the 1930s are hard to find in this tourist spot of the mid-1980s; so is the model, which, nearly 47 years later, appears to have been laid to rest.

What happened? According to economists, the model centered on centralized wage bargaining in periods of economic growth, which ensured an unbroken record of labor-management peace based on consensus and no government intervention.

With the slip into recession at the beginning of this decade, the decline in corporate profitability and the threat of scarcer jobs combined to erode the pillars of the model, which collapsed under the weight of a series of strikes, the breakdown

in consensus and the decentralization of wage bargaining.

When Sweden strikes—which it does rarely—it strikes in a big way. The latest example was a 17-day dispute in May involving more than 100,000 public-sector employees, which halted air and rail transport and disrupted foreign trade. Thinly veiled government intervention and a tough credit-lightening package led to a settlement before the dispute began to bite deeply into industry's exports, according to economists.

This was not the case in May 1980, when a conflict involving more than half the 4.5-million working population in 10 days of strikes, lockouts and work-to-rule actions sapped Sweden's economic resources by shaving half a percentage point off that year's gross national product.

But this was not the final blow to the model. At the beginning of 1982, the centralized system of wage negotiations collapsed, when members of the Landsorganisation, the trade union confederation known as LO and representing 2 million workers, threw out a wage proposal by the employers' federation, known as SAF. The employers, after failing to agree among

themselves on a joint negotiating stand, wanted existing wage agreements to be extended for 12 months.

The 1982 breakdown marked the beginning of the end of a 30-year tradition of central wage discussions between employers and unions, who have yet to agree on a fresh approach to joint industrial labor relations," said an independent industrial analyst in Stockholm.

In March 1983, the metalworkers' union agreed on a pay deal with the engineering employers' association, marking the first time in 28 years that an agreement at union level had been concluded outside the centralized negotiations between the LO and the employers' federation.

Since then, attempts have been made to find common ground but a return to the "Swedish model" is far off.

The LO advocates the traditional pattern of coordinated central wage-setting, which its leaders say embraces the concept of "wage solidarity" and under whose banner the margin of pay discrepancies has narrowed to 30 percent of its 1960 level.

The employers grouped in the

SAF federation favor a more decentralized approach, arguing for a framework settlement that leaves room for maneuver in individual sectors and which they say would better reflect different levels of corporate profitability and productivity.

Burying their considerable differences under government pressure, the union-employer factions stitched together an agreement for a temporary framework for this year's wage rounds.

Last February, the two sides came together to make a joint recommendation that nationwide wage increases be restricted to 5 percent this year. The result of this approach, economists said, was that pay negotiations at the sector level turned into protracted wrangling over small print. The Social Democratic government fears this will lead to companies making local pay deals in excess of its pay-ceiling guidelines, thereby putting its anti-inflation policy into jeopardy.

Whereas the government has set a target of reducing inflation to an annual 3 percent by the year's end, recent industry forecasts suggest that hourly wage costs could rise by as much as from 7.5 to 8 percent this year, torpedoing the govern-

ment's strategy in an election year. "The fear of a wage free-for-all hitting the government's prices and incomes policy fast looks like becoming a painful reality this year," an economist said.

The implicit bargain between labor and industry on which the "Swedish model" was founded also had as one of its features the goal of full employment, an aim that has come to dominate postwar Swedish economic policies.

During the years of recession in the industrial countries covered by the Paris-based Organization for Economic Cooperation and Development, Sweden has gone against the common grain of trying to restore economic balance at the cost of jobs.

In a survey published early last year containing economic policy projections for this decade, the government set as its dual goals the restoration of full employment and the return to a balance in external trade.

The main message therein was that these aims are achievable provided a number of conditions are fulfilled," the OECD noted in a report on Sweden published earlier this month.

It cautioned, however, that these

conditions—price stability, budgetary and external balance and adequate business profitability—could prove difficult to reconcile in the short term given the compromises and trade-offs with the sectoral interests involved.

Full employment in the government's survey is defined as the minimum level of unemployment, which is equivalent to 2 percent of the nation's workforce. On paper, at least, the government got close to that target last year, when the jobless total dipped below 3 percent in November, for the first time in four years, to an average 3.2 percent for the whole of 1984.

The demand for labor started to accelerate in the second half of 1984, and for the first time since 1980 an increase in industrial employment, of around 10,000, was discerned, the official added.

Yet, Swedish industry is experiencing growing difficulties in obtaining skilled labor, particularly technicians in high-technology.

The government, aware of this shortage and the problems it could create by impeding growth in new sectors, has launched a series of retraining and job-creation programs.

—MICHAEL METCALFE

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Skanska. Consolidated Balance Sheet, December 31, 1984. In millions of Swedish Kronor (SEK M). Exchange rate = SEK 1,000 = USD 112 (May, '85).

Assets	
Current assets:	
Bank balances	2,302
Receivables	6,358
Investment and development properties	3,220
	11,880
Fixed assets:	
Other receivables	498
Shares and participations	3,041
Machinery and equipment	812
Fixed-asset properties	780
Total SEK	16,991 M
Liabilities and shareholders' equity	
Current liabilities:	
Uncompleted contracts	3,847
Invoiced sales from beginning of contracts	16,061
Accumulated expenses from beginning of contracts	-12,386
	3,675
	7,522
Long-term liabilities:	
Unpaid reserves	3,464
Capital stock	4,335
Reserves	617
Net profit for the year	735
	298
Total SEK	16,991 M

Consolidated invoiced sales in 1984—SEK 14,765 M



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A SPECIAL REPORT ON SWEDEN

Lower Lending Ceiling Cuts Banking Profitability

STOCKHOLM — For Swedish banking, 1985 started as a mediocre year that turned much worse on May 13, when the central bank, Sveriges Riksbank, as part of an austerity package, sharply boosted interest rates and lowered the ceiling on new lending for the year.

With bank earnings already weakening, the rate hikes, aimed at sharply reducing private consumption and reversing private capital outflows, could mean that Swedish bank profitability will plummet rather than simply decline in 1985. However, the interest-rate hikes were described as temporary and may not last through the rest of the year.

On the bright side, the Riksdag, Sweden's parliament, passed a law on June 7 that will allow foreign banks to open subsidiaries in Sweden after July 1. It was a move

supported and welcomed by Swedish banks in the name of free competition and also to prevent foreign discrimination of Swedish banks because Sweden was the last industrialized country to ban foreign banks.

As a practical matter, foreign banks have to apply for licenses by October 1, and they will not be opening for business until early 1986. "The May 13 package means, on a yearly basis, a reduction of profits for Swedish banks by 2 billion kronor (\$227.2 million), which is considerable when one considers that for the whole of 1984, profits for commercial banks totaled some 5.9 billion kronor," said Sven Baakman, information secretary of the Swedish Bankers' Association. At Skandinaviska Enskilda Banken, dropped 12 percent to 643 million kronor in the first four

months, and the bank said it expected the higher interest rates since May 13 to cost it from 50 million to 60 million kronor a month. That could mean an earnings drop of as much as 720 million kronor, from 1.841 billion kronor, in 1984.

Post och Kreditbanken, PKBanken, the state-owned commercial bank, said its group pretax profits were up 5 percent, to 436 million kronor, in the first four months. The bank declined to make an earnings forecast for the whole year and warned that if interest rates stayed high, it would lose some 300 million kronor of earnings during the rest of 1985.

Uplandsbanken, a regional bank, said its earnings had declined 17 percent in the period from January to April. It predicted earnings would improve in 1985 from 1984

despite the interest-rate hike, but a large part of 1985 profits would have to be put in reserves against a drop in the value of the bank's bond portfolio. Bond prices fell sharply after the May 13 rate hikes.

Mr. Baakman, of the bankers' association, said that the unexpected reduction of the ceiling on new lending to 2 percent above 1984 levels from 4 percent "means, practically, a lending freeze, and that's why we called this an 'idiot stop'." He said that the only bright spot in the May 13 package was the abolition of interest-rate controls, in the form of "recommendations" by the central bank as to how much customer lending rates could exceed the discount and penalty rate levels.

However, Swedish banks beat a hasty retreat from interest levels as high as 3.5 percentage points above

the penalty rate when the Finance Ministry and the central bank expressed dismay at this initial result of their action. Despite bowing to government pressure, Swedish banking is regarded as much less subject to regulation than it was several years ago.

A domestic money market has appeared, in large part fueled by high corporate liquidity that is locked inside Sweden by foreign-exchange controls. Requirements that banks hold large blocks of government and housing finance bonds have also been eased, and the government has, for nearly 3 years, used open-market operations with its own treasury discount bonds to steer short-term domestic interest rates.

Looking forward to the opening of foreign banks, Mr. Baakman said that "now, they will have to suffer the same conditions as Swedish banks." He said that of 28 foreign banks represented in Sweden, from 15 to 20 would probably apply for licenses. He said it was not clear how the government, through the Bank Inspection Board, would select from among applicants.

"They retain the right to deny a license, but how to make selections in practice is a problem," Mr. Baakman said. "I already know that four French banks will be applying. How do you say no to 2 and yes to two?"

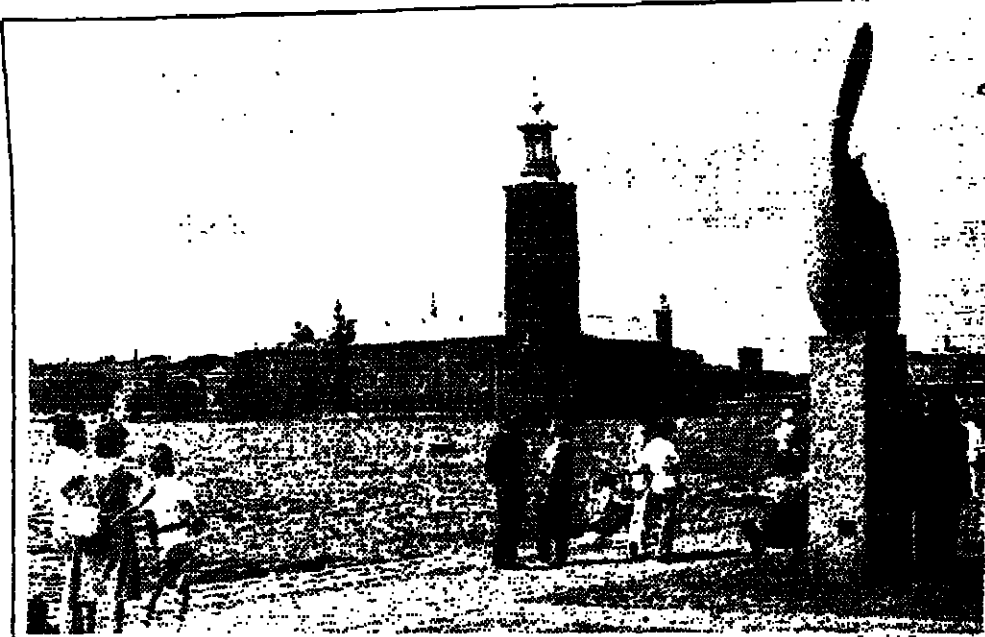
Bo Hammerich, who heads Citibank's representative office in Stockholm, said the large, U.S.-based bank would apply to open a Swedish subsidiary. By the end of 1986, he said, Citibank would be operating as a bank with a staff of just under 50, about double the current staff of the representative office.

"Our initial effort will be to expand existing relationships with Swedish export industries," Mr. Hammerich said. "We will also do foreign exchange as early as possible."

Other activities, he said, would include using Citibank's electronic banking and information network "when we see how important it is to the Swedish customer community."

The Citibank executive indicated that the bank wanted to develop its international specialties and strengths, becoming "a major market-maker" in some banking product areas in Sweden. But Mr. Hammerich stressed that Citibank's and other foreign banking operations would probably lose money during the first year or years of presence in Sweden.

"The key is to make a cautious,



Stockholm's city hall. The capital was built on 14 islands separated by wide bays, broad channels and narrow waterways.

Booming Stock Exchange Takes a Breather

STOCKHOLM — The fair-weather days of the Stockholm stock market, when the exchange sailed into record prices and turnover, have turned cloudy.

The pace of trading, frequently frenetic during the past four years, has relaxed and in its place has come a more sober attitude reflected in a degree of caution toward market trading and performance.

"The level of activity is relatively low at the moment and what seemed a good opening to the year has turned into a very nervous situation," said the new president of the stock exchange, Bengt Redin, who took office late last year.

Since 1980, when the boom got under way, a deluge of foreign and domestic investor demand had burst upon this sedate exchange, housed in a 16th-century building in the heart of Stockholm's old quarter.

The surge in trading took Stockholm to eighth place in the ranking of the world's leading exchanges, boosting its equity turnover from an annual 1.5 billion Swedish kronor (\$169 million) at the end of the 1970s to more than 70 billion kronor by the end of 1984.

The general exchange index has soared a cumulative 271 percent for the five years up to the end of this March, an expansion unparalleled by any of the world's stock markets and surpassing the record growth seen by its Nordic counterparts in Oslo, Copenhagen and Helsinki.

There are now 245 companies listed on the exchange with a total market capitalization of 221.1 billion kronor. Their profits were boosted by a 16-percent devaluation of the kronor in October 1982, which sharpened export competitiveness and made shares cheaper for foreign investors.

According to share analysts, the sharp increase in interest from abroad has been one of the main features of the Stockholm success story, coupled with a string of tax incentives in

the late 1970s, which encouraged the small domestic saver to enter the market.

While the Social Democratic government has removed or altered some of the incentives, making the market less attractive to the Swedish investor, the foreign presence has remained and even strengthened.

"The presence of foreign investor interest has been the only stabilizing factor keeping the market ticking over in the past couple of months," said Anders Klintorff, head of international trading at the Swedish stockbrokers, Richard Hagglofs Fondkommission.

The level of net share purchases in the first four months of 1985 was around 2.4 billion kronor, with the bulk of buying coming in January and February, a steep rise compared with the 1.1 billion kronor over the same period last year, Mr. Klintorff estimated.

Private and large institutional investors, predominantly from the United States, Britain, West Germany and Switzerland, had shown a strong presence throughout the past five years, but these institutions in May and June were beginning to hold off.

The reasons for this change in attitude are ascribed by share analysts and stock exchange officials to political and economic developments, rather than to any disenchantment with Swedish companies' profitability or the exchange's performance.

The May strike and lockouts of more than 100,000 public-sector employees dealt a blow to economic prospects for this year, the analysts said. Also, the credit-tightening measures introduced by the authorities to reverse outflows of capital at the height of the strike took domestic interest rates to peak levels and placed additional burdens on capital formation.

With less than three months to go before national elections, which could see the conservatives returned to power, investors are preferring

to sit on the sidelines and see what happens. The conservatives, if they win, appear to be planning substantial benefits to shareholders, which would have the net effect of improving the investment climate, Mr. Redin said.

"The market will be quiet in the next three months as investors feel the effects of the credit squeeze and await the election outcome," he said.

The credit measures included substituting the old tax rebate plan on savings in unit trusts with a new program less favorable to the small investor; an increase in net wealth taxation over 12 months, now expired; a deregulation of stockbrokerage fees last July; a new turnover tax of 1 percent, divided between broker and client; and a new law penalizing inside trading.

The latter is the latest in government moves to ensure a larger degree of regulation in a market that has been largely self-regulatory over the years and that has witnessed a number of potentially harmful and embarrassing incidents involving the disclosure of misleading prospectus information and conflicts of interest.

While prospects for the next three months remain dim, foreign investors looking for bargains in the designated "free" shares, which constitute 20 percent of the market, have a choice of some 35 companies, which are blue chip.

"For the patient investor, this summer represents a good opportunity to start purchasing Ericsson shares," Mr. Klintorff said. He said the telecommunications and electronics group was improving profitability through completion of a product and marketing restructuring program.

He added that the longer term should favor pharmaceutical companies again, including Astra, Sweden's biggest pharmaceutical group, and Pharmacia, which is forecasting a 20-percent rise in profits this year.

—MICHAEL METCALFE

professional start," he said. "The most important thing is for us to learn during the first year, for example, with the pricing structure, it would be foolish for Citibank or any other foreign banks to go in and try to change the normal infrastructure, such as by cutting prices."

Swedish banks have prepared for the arrival of foreign banks by expanding their own international activities — both to follow customers abroad and to meet the inevitable arrival of foreign banking competition in Sweden.

SE-Banken, the largest banking group in the Nordic area, is meeting the foreign challenge by forming a regional alliance, Scandinavian Banking Partners, together with Union Bank of Finland and Norway's Bergen Bank.

"The object of this is to establish one single network of 810 branch offices," Jacob Palmstierna, chief executive and managing director of SEB International, SE-Banken's international division, said. "As a network, we've gone a long way. We've integrated our EDP [electronic data processing] systems, so that, for example, a Swedish company's subsidiary can move its funds the same day from Norway to Sweden. Our business customers can treat their accounts in any one bank in the group as one account."

On June 10, SE-Banken purchased 7.5 percent of Bergen Bank and 3.75 percent of Union Bank of Finland. The stakes will later be increased to 10 percent in Bergen and 7 percent in Union. The original Scandinavian banking partners agreement, signed last year, also calls for the Finnish and Norwegian banks to take a stake in SE-

Banken, but that still is not permitted under Swedish law.

"The ownership relationship is only to underline that we are in this for the long run," Mr. Palmstierna said. "We think that this idea is an aggressive way of meeting the competition in the Nordic area. For us, the Nordic area is everything. This is our home market, and we have to defend our turf."

With foreign banks opening soon, Mr. Palmstierna said he expects to feel competition "in payments, guarantees and foreign exchange, where they will no doubt be competitive." He said that "we are also much more competitive today than we were five years ago... if they come here with the object of making easy money, they will be disappointed."

Svenska Handelsbanken, one of Sweden's "big three" commercial banks, has also prepared for international competition by strengthening its foreign operations in London and elsewhere.

But, according to vice president Lillenor Thulin, "our philosophy is not for going into partnerships." While Handelsbanken was aware of Scandinavian banking partners, "we don't have anything in mind in that kind of cooperation," she said. "Our bank doesn't think it is possible to earn that much more through ownership of other banks," she added.

Although there are no limits on the number of branches foreign banks may open in Sweden, it is unlikely that many will try to do so.

—JURIS KAZA

CONTRIBUTORS

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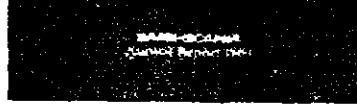
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1

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2

The SE-Bank Group
Skandinaviska Enskilda Banken

Skandinaviska Enskilda Banken, Stockholm, and its domestic and international subsidiaries, The S-E-Bank Group, showed consolidated deposits of SEK 146,980 million (US\$ 16,347M) and consolidated assets of SEK 182,097 million (US\$ 20,255M). It is the largest banking group in the Nordic countries.

The Bank operates 349 branches throughout Sweden and has six domestic subsidiaries. The international network presently comprises 14 representative offices, five subsidiaries, including an investment banking company, and one associated bank, all of them operating in financial centres around the world.

The SE-Bank Group
Skandinaviska Enskilda Banken
1984

3

ASTRA

The Astra Group is the largest manufacturer of pharmaceuticals in the Nordic region, with about 6,300 employees and sales of SEK 3.9 billion in 1984. Sales outside Sweden accounted for 82 percent of this figure. Astra products were also sold through licensees for approximately SEK 2.8 bn. The Company's operations comprise research and development, manufacturing and marketing in the pharmaceutical field. Earnings after standard deductions were SEK 801 million, up 27% from the preceding year. The increase is due primarily to the strong profitability of Astra's major subsidiaries.



4

Electrolux

1984 showed substantial improvement in earnings and profitability. Earnings improved by 40% to SEK 2,460 millions and the return on equity after tax at the standard rate increased from 16.4% to 20.8%. In December 49% of the Italian company Zanussi's shares were acquired, with the intent of widening profit margins and of further strengthening Electrolux's position in the European white goods market. The goal of the group for the coming years is to create the right conditions for sustained expansion leading to sustained profitability and steadily increasing dividends.

Electrolux
Annual Report
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Page 13

An Operatic Dinosaur Gets a New Lease on Life

by David Stevens

PARIS — A contemporary critic thought the libretto was "awfully stupid," the composer's music has been almost completely out of fashion for a century, and the work itself has not been seen here since 1893, but despite all this — and perhaps because of it — Monday's revival of Giacomo Meyerbeer's "Robert le Diable" by the Paris Opéra is one of the most hotly anticipated dates in the operatic calendar of recent seasons.

Yet the worldwide interest in this event is not more than mere antiquarianism. Meyerbeer, born Jakob Liebmann Beer to a wealthy Jewish family in Berlin in 1791, is considered the founder (or at least the clearest exponent) of what is normally understood as grand opera, and "Robert le Diable," which created a furor at its Paris premiere in 1831, was the composer's first effort in this line. Furthermore, the celebrated ballet in Act 3 is considered by many

dance historians to be the starting point of Romantic ballet. Paris was the capital of the operatic world at the time and French grand opera became the dominant style for decades; not even Wagner and Verdi escaped its influence.

At a time when the resuscitation of forgotten works and research in performing styles have become specialties, the Romantic era has not been much favored. True, there was a mild Meyerbeer comeback in the 1960s. "Les Huguenots" (1836) had a star-studded revival at Milan's La Scala and a respectable provincial one in Rouen. "Le Prophète" (1849) was exhumed in Zurich and later at New York's Metropolitan, and "L'Africain" (1865) was produced in Munich. But "Robert le Diable" seems to have had only a severely cut concert performance in Florence in 1968, in Italian, and a recording of it is the only one that can be found today.

Paris, where it all began, did not join in. Georges Auric, who directed the Opéra in the 1960s, when asked once about the possibility of a Meyerbeer revival, visibly shud-

dered at the thought and muttered, "You can't do that anymore." But he was a composer of a school that was still reacting against all that 19th-century flamboyance, whereas the present director, Massimo Boglietti, has made the revival of key works in the history of the Opéra a cornerstone of his programming.

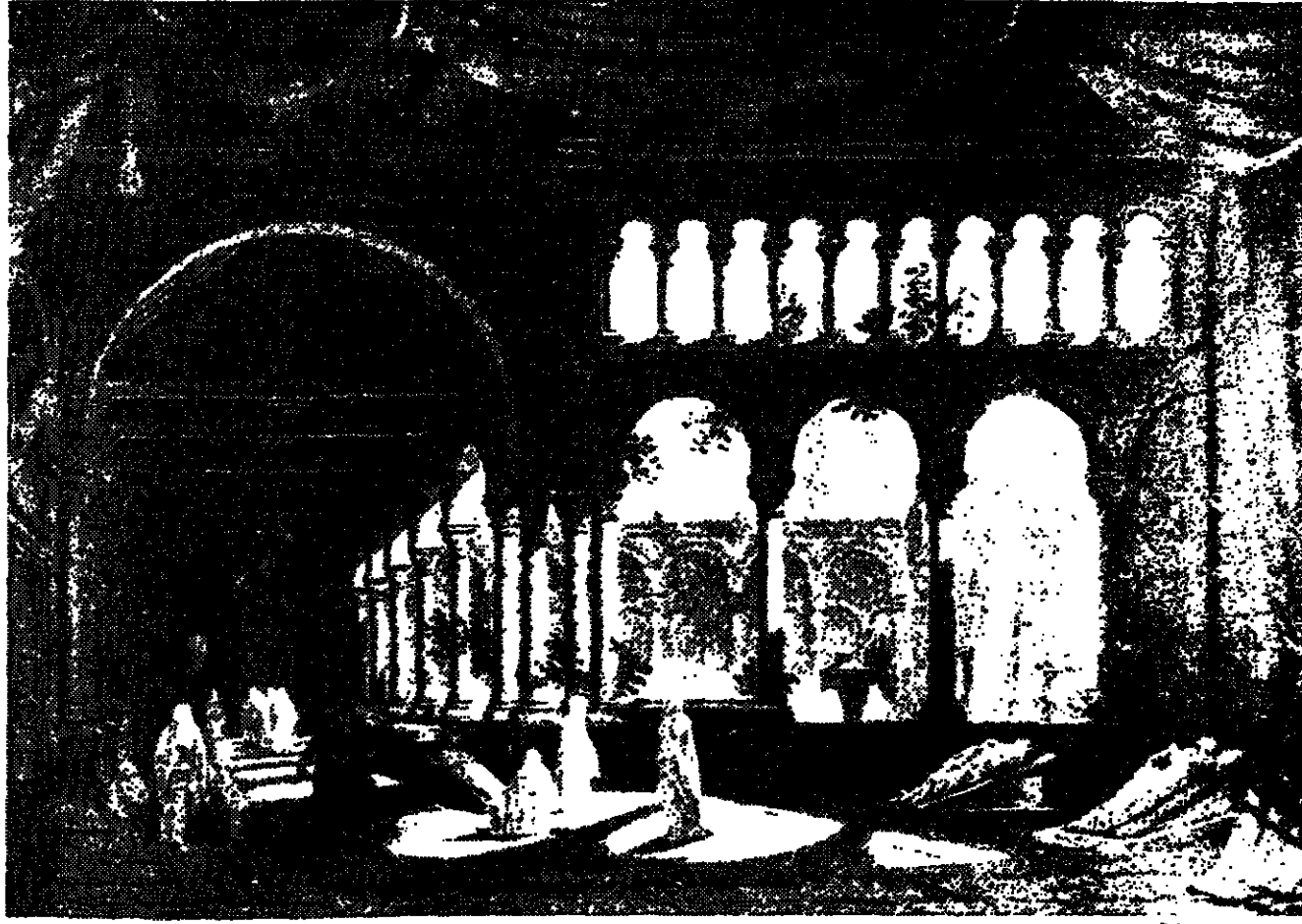
Meyerbeer, with a solid German musical education under his belt, moved to Italy in 1816, Italianizing his name and acquiring, chameleon-like, a talent for producing operas in the current Rossinian style. Ten years later he moved to Paris, embarked on a methodical study of French opera and entered into a contract to compose an *opéra comique* in three acts entitled "Robert le Diable." The principal librettist was Eugène Scribe, master artisan of the "well-made" play, proprietor of a veritable opera-libretto factory, and perhaps the most influential figure on the Parisian operatic scene in the mid-19th century.

MEANWHILE, the ground was being laid for the appearance of grand opera. The ingredients included the traditional French taste for theatrical spectacle and the shift from opera as court entertainment to an appeal to a bourgeois public. Some of its early manifestations were the ephemeral patriotic spectacles of the Revolutionary and Napoleonic periods, "rescue" operas such as Cherubini's "Les Deux Journées" and Beethoven's "Fidelio," and preliminary steps toward 19th-century grand opera in such large-scale works as Spontini's "Fernand Cortez" and "La Vestale."

The growing Romantic spirit called for emotionally charged plots, historical or pseudo-historical situations blending into legend, the invocation of nature and the supernatural (sometimes mingled with general criticism), striking contrasts and theatrical effects, colorful orchestration, the dramatic use of choral masses, and growing demands on the vocal prowess of singers.

A list of early French grand opera has to include "Mozart," Rossini's 1827 adaptation of one of his earlier Italian operas; "La Muette de Portici" by Daniel-François Auber (book by the ubiquitous Scribe), which racked up 100 performances in less than a year after its premiere in 1828, and helped ignite a revolution when performed in Brussels in 1830; and Rossini's "Guillaume Tell," which had a triumphal success in 1829.

Meyerbeer knew a trend when he saw one, and somewhere in here the "Robert le Diable" project changed from a three-act *opéra comique* to a five-act grand opera. After its enormous success, Auber returned to a pro-



Contemporary lithograph showing the ballet scene of the original production.

lific career in *opéra comique* (almost always in collaboration with Scribe), while Rossini went into a well earned retirement from the operatic grind.

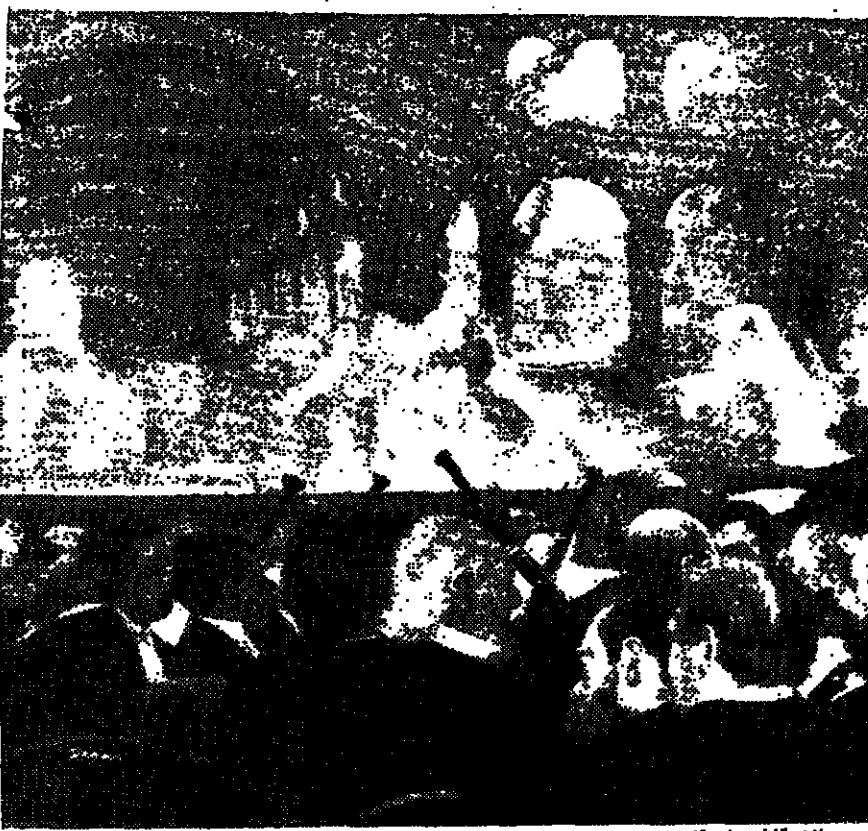
The complex and silly libretto, inspired by a medieval tale, has Robert, the Fast-like duke of Normandy, arriving in Sicily to seek the hand of Princess Isabelle. He is accompanied by Bertram, a demon who is the father of Robert by a human mother and who keeps trying to win his offspring for the powers of evil. In the end Robert is saved from this fate by his foster sister, Alice, and he weds Isabelle. The most celebrated scene, however, is the ballet in the third act in which Bertram summons from their tomb the spirits of nuns who betrayed their vows, seeking to enlist them in seducing Robert.

The success of "Robert" was due, besides Meyerbeer's music, to a singular combination of factors and characters. There was the Opéra's director, Dr. Louis Veron, a shrewd judge of his bourgeois audience and its tastes and the person most responsible for creating the five-act grand spectacle as a theatrical form. Under him, as production director, was Charles-Edmond Duponchel, an architect and decorator of high-society shindigs, who had a corresponding taste for superproductions and a penchant for romantic historical re-creation. Duponchel sent the designer, Pierre Cicéri, to study the architecture of monastic ruins, and the set he designed for the nun's ballet is variously said to be based on Saint-Trophime, near Arles,

or the cloister at Montfort l'Amaury, near Paris.

The Opéra cast "Robert le Diable" from strength, as it did all of Meyerbeer's operas, but the most distinctive singer in the cast was the tenor Adolphe Nourrit in the title role. Nourrit, by all accounts, was a stylish and elegant singer who excelled in the use of his head voice and what the French call *voix mixte*, but he was far more than that. A cultivated and intelligent man, he frequently wrote the words for parts of his roles and took an active role in staging of works he was in — some sources credit him with the stage direction of the premiere of "Robert le Dia-

Continued on page 15



One of Degas's paintings with the ballet scene.

Victoria and Albert Museum

The Founding Mothers of Dance

by Anna Kisselgoff

NEW YORK — "I aim to speak the language of humanity, not the dialect of a folk." The founding mothers of modern dance in America were prone to making such pronouncements and this statement, typically, came from the mother of them all, Isadora Duncan. Just as typically and in the same interview with The San Francisco Examiner in 1917, Isadora felt compelled to declare where her "center of inspiration" lay. As the reporter indicated, she placed her hand on her breast and then on her brow. For Isadora, the source of movement was in the solar plexus. Later, in the 1930s, the phrase "fall and recovery" would be identified with the movement principles of Doris Humphrey just as "contraction and release" would be identified with Martha Graham.

A premise about movement became a basis for a dance technique in each case and, by extension, became a metaphor for an aesthetic — for what each dancer wished to say through her dancing. The general principle was, as Humphrey wrote in 1927, "that of moving from the inside out — it's the dominant expression of our generation, if not of the age, and ballet is as out of style as bustles and leg o'mutton sleeves."

We don't hear talk like this nowadays and it is hard perhaps for us today to recapture the assertiveness of the modern-dance pioneers and their immediate disciples, many of whom are still active. Two ideas need to be considered. One is these dancers' belief that an individual's own body could be the source for an entire new form of artistic expression. The second is that this individualism would be identified with all humanity.

In short, there was a pervasive idealism about early modern dance that hardly seems evident today. It is true that this viewpoint might look naive in some respects. But it was not put forward by naive artists. Duncan, who died in 1927, could gush. But she was well read, well educated in art and music and at the center of creative currents in all the arts. Humphrey, who died in 1958, was like Graham — trained at the school of Isadora's counterparts, Ruth St. Denis and Ted Shawn, and was a pioneer in her analytic approach to classical music.

To the first modern dancers, the new ways of dancing were universal in expression because, in part, they had reaffirmed anatomical truths about the body. The difference between perfect balance and yielding to gravity created drama obvious to anyone, as Humphrey knew. The contraction and release in the Graham technique was an amplification of the mechanism of breathing — that is, common to all.

"Contraction and release" could be incorporated into a new dance idiom that was percussive and sharp. "Fall and recovery" could create a shift of weight that would affect not only isolated dancers but the way an ensemble looked — the entire stage picture. The body-centered ballet vocabulary no longer needed to be the norm in theatrical dancing.

The idioms of the modern dancers did not consist only of movements based on such principles. But what these dancers seemed to be saying was that the norm in dancing was actually found in physical laws applicable to everyone, while ballet sought an artificial (if highly efficient) use of the body. The individual was everyman — that is, humanity. And humanity's lot was dance's concern.



Pen drawings of Isadora Duncan by Jean-Paul Lafitte (c. 1909).

The days are over when a debate over how the body moves is the prime issue. Nor is Isadora's Whitmanesque "I See America Dancing," manifesto finding its echo in current aesthetic concerns. There are social-protest dances and dances critical of society. But the harmony-after-conflict that Humphrey might promulgate in her works finds no equivalent today. There are no images of Utopia, of ideal societies. Isadora's visions of healthy children skipping hand in hand toward happiness or of allegorical figures are replaced for the most part by satirical or ironic pieces. These are heavily systematized or cerebral in their concepts.

EACH age begets its own creative spirit and obviously an America that has lost its innocence cannot be the same as it was in the first half of the century. Yet it is worth recalling that the early modern dancers also lived in turbulent times. Isadora's personification of the "Marsellaise" was a call to French patriotism, a response to World War I, and her most dramatic dances were infused with her enthusiasm for the Russian Revolution. Internal upheaval was certainly the stimulus for Humphrey, Charles Weidman and Graham when they left Denishawn to express what they felt in what proved to be more contemporary terms. It is pertinent to recall that they did their major work in the midst of the Depression and the New Deal.

The point is that no matter how clearly they saw the disasters of the times, they identified with the values of a society around them that promised resolution. Graham vanquished bigotry, Puritanism and conformity in her pieces; Humphrey put strife and conflict through a prism in which good won out over evil. Interestingly, even in an age of Works Progress Administration murals, modern dance's early exponents often turned to a strain of lyricism — not the machine-dances one could have expected.

Lyricism is out of fashion nowadays, and perhaps that is why it was startling to see how much it dominated an especially interesting recent concert here that included works by various modern-dance pioneers. The guiding lights were Lord Bellove, who has done very well as a Duncan exponent, and Evelyn Shepard, to whom Pauline

Koner has entrusted the performance of her solos. The program included Humphrey's "Day on Earth" and several Duncan pieces that have been revived in recent years. There was also "Les Femelles" to music by Liszt, a solo Isadora danced at a memorial service for the French actress Réjane. Bellove and her teacher, Julia Levin, reconstructed it freely from various sources. At best, it seemed an exercise "in the style of" Isadora.

Koner's 1953 "Cassandra," Anna Sokolow's Rachmaninoff premiere, "Two Preludes," and Eleanor King's 1970 "Enthousiasmos" to Bartók were the most recent works on the program. The latter was vibrantly danced by Bellove — a Hellenized bacchant, skipping uninhibitedly with a tambourine and then turning into a snake charmer, with the "snake" around her neck.

King was a charter member of the Humphrey-Weidman company from 1928 to 1935 and her memoirs, "Transformations" (Dance Horizons), offer a revealing picture of an art form in the midst of self-definition. King, who left New York in the mid-1940s for Seattle, was not considered one of modern-dance's giants, but the early solos on this program reflect the form and aesthetic she absorbed from them. She writes that her "Song of Earth" (1933) is an arrangement of an English sheep-shearing song by Eugene Goossens, borrowed its opening stance — legs apart, torso bent over — from Breughel's "Respers." Bellove's heavy plunging gestures and her sinking to floor signaled a peasant's affinity for the earth — and modern dance's love affair with floorwork. When she rose into a profile with one arm curved, she did so impressively within one phrase.

"Mother of Tears" (1933) is King's other best-known solo. Here again, Bellove began bent, rooted to a spot. The music is by Herman Reutter, a German composer killed in World War I, and the impression is of a Dürer woodcut. The movements are sharp and the virgin weeps in one simple gesture with capped hands before sinking into a twisted form. Despite the derogatory charge of "self-expression" often hurled at modern dance, these solos showed the opposite. King saw them as dances of life and death. Certainly, they eschew literalism and they are surprisingly abstract.

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Murano Makes a Comeback

by Kate Singleton

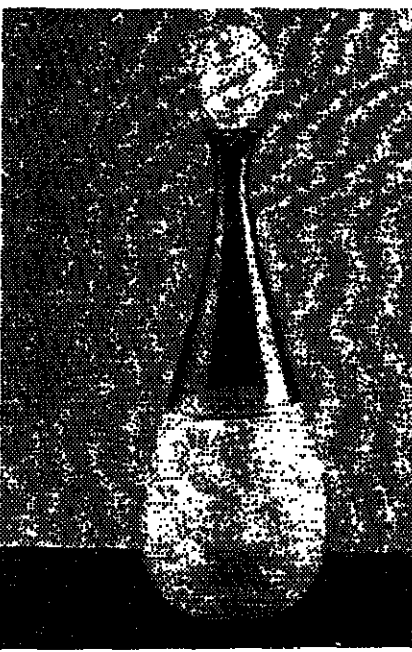
VENICE — If you think of modern Murano blown glass as meaning those tawdry ashtrays, doorstops, paperweights, gondolas, animals and assorted gewgaws that lure tourists into the shops of Venice, you are mistaken. Recent developments in Murano are showing that the kitschy image of its age-old craft amounts to little more than an embarrassing interlude in an otherwise glorious tradition.

The glories of the blown glass of the past can be admired in the Museo Vetrario, the glass museum in Murano, a 30-minute vaporetto ride from San Marco. It was refurbished with perfect simplicity a few years ago: well selected objects from a 500-year span, displayed to their best advantage in the bright Venetian daylight. Now a new and separate section of the museum, dedicated entirely to 20th-century Murano glass, has just been opened nearby. It holds a permanent collection of modern blown glass and an exhibition of contemporary products that will be changed twice a year. The museum is the most striking sign of the renaissance taking place in the world of Murano glass.

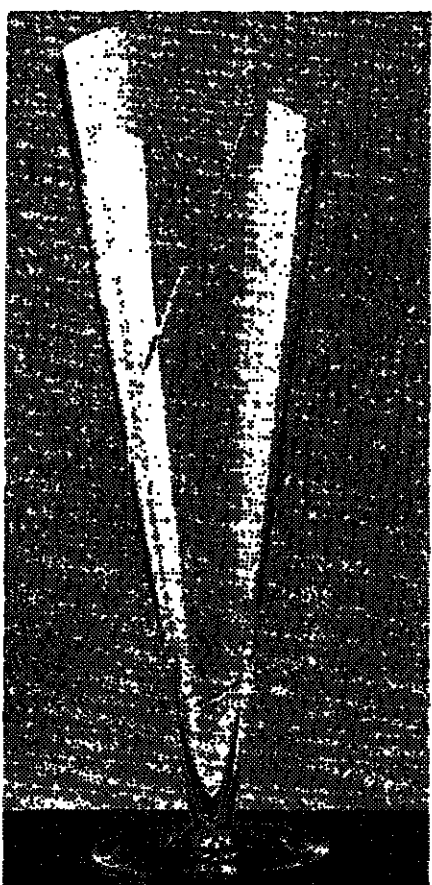
Both the new museum and the rebirth of the craft are the outcome of far-sighted collaboration between local authorities and a handful of Murano glass firms led by two enterprising brothers, Giovanni and Carlo Moretti of the Carlo Moretti company.

"The situation here ten years ago was dismal," recalls Giovanni Moretti, whose family has been in the glass business for generations. "Quality output was rare, and the shoddy stuff that had kept a number of firms going was being edged out of the market by manufacturers in Taiwan." Large factories had to shut down, unemployment became a problem, and the master glassblowers reaching retirement age found there were no youngsters prepared to learn a craft that didn't seem to offer much future.

The Morettis felt that the only way out was to pool ideas and initiate some collective action. Along with 11 other firms, in 1975 they founded the Consortium for the Promotion of Venetian Artistic Glass. "We had to overcome considerable resistance," recalls



"La Fenice" carafe.



Moretti "Cartoccio" glass.

Giovanni. "Relations between the various firms weren't good and people tended to have a self-defeating, insular outlook. It all took a lot of persuasion."

There are 53 glass companies in the consortium today, and their coordinated efforts have reversed the downward trend of the 1960s and early '70s. Their VM — Vetro Murano — mark has come to be recognized as a guarantee of authenticity, quality and traditional production techniques. Employment is once more stable (around 2,000 employees), and in 1984 sales of Murano glass injected \$50 million into the local economy. That 55 percent of this was in exports shows that the consortium's promotional efforts abroad are bearing fruit. In collaboration with the Venice Chamber of Commerce and the Italian Institute of Foreign Trade, they arranged shows of contemporary Murano glass in London and Düsseldorf in 1984. A show is scheduled for Paris in October this year, and Bloomingdale's in New York will have a large glass section in its Italian design week in September.

For the Murano firms, the U.S. market is particularly promising. In the first half of 1984, sales there showed an increase of 95 percent over the previous semester. Americans seem to be moving away from the showy, ornate lamps and vases they once went for and choosing glass that embodies first-class design instead. This is exactly what the Moretti brothers hoped would happen. Their firm produces up-market designer glass (Carlo designs all their output) using traditional craft methods and a few carefully guarded inventions that allow them to increase production while maintaining quality.

Other flourishing companies such as Salviati, Venini, Barovier & Toso, Mazzega or

VeArt may work with a number of different designers, including outsiders, but they all aim at individual objects of superb craftsmanship and the best Italian design. The ideal customer is discriminating and reasonably wealthy, "rather as he must have been in the past," says Carlo Moretti.

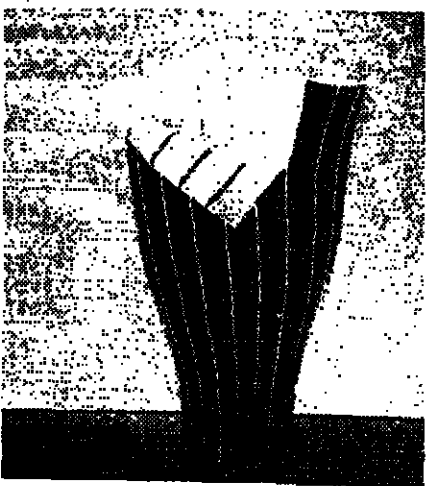
The new section of the museum was really set up to give luster and a sort of imprimatur to modern Italian glass design. The building was bought, restructured and fitted out by a group of 10 Murano firms who lease it at a nominal rent to the Venice Municipality Arts Board. An advisory committee was formed to select the works shown in the temporary display. All Murano glass companies, consortium members or otherwise, were invited to submit up to 10 objects.

The 50 pieces on show on the ground floor of the museum are the outcome of the selection. Most of the works were designed during the last three years and are varied in form, function and decorative techniques. The idea is that when you succumb to temptation and buy that extraordinary black vase that is slit at the rim and folded back to reveal the different colored glass on the inner side (from the "Gli Spacchi" series designed by Toni Zuccheri for Barovier & Toso), or those strangely surreal stoppers in pale fumé blown glass (called "Zefiro," designed by Luciano Gaspa for Salviati), or the "Cartoccio" wine glasses designed by Carlo Moretti (your guests may not know which side to drink from, but it is beautiful tableware), you have the added pleasure of knowing that your new possessions are museum pieces.

To make sure that new generations will keep production and standards up, next autumn a glass school on Murano will take in its first 40 pupils for a two-year period of professional training. Retired master blowers will teach the secrets of their craft; painters, draftsmen and engravers will impart their knowledge of glass decoration; art history lessons will widen the otherwise local horizons (most students will come from the Venice area). Jobs with Murano firms are assured for at least 80 percent of those who get their diploma.

(The Museo Vetrario at 8 Fondamenta Giustinian and its new section at 1/c/d Fondamenta Manin are open from 10 A.M. to 4 P.M., Sunday 9 to 12:30, closed Wednesday.)

Kate Singleton, a journalist based in Milan, generally writes about art and design.



"Gli Spacchi" vase.

TRAVEL

INTERNATIONAL DATEBOOK

AUSTRIA

VIENNA, Konzerthaus (tel. 72.12.11).
CONCERTS—June 23: Vienna Symphony Orchestra, Gianandrea Gavazzeni conductor, Katia Ricciarelli soprano (Verdi).
June 24: Bach Collegium, Hermann Furchtgottschuber conductor (Handel).
June 25: Musikverein (tel. 63.81.90).
CONCERT—June 23: Tonkünstler-Orchestra, Heinz Wallberg conductor (Schubert, Bruckner).
June 28: Vienna Symphony Orchestra, Leopold Hager conductor, Sylla Borowicz soprano (Handel).
June 29: Staatsoper (tel. 53.24.00).
OPERA—June 22: "Turandot" (Puccini).

ENGLAND

LONDON, Barbican Centre (tel. 628.87.91). To June 30: "American Images" Photography 1945-1980.
June 23: London Symphony Orchestra, John Neschling conductor, Stephen Hough piano (Elgar, Ravel).
June 27: Rafael Frühbeck de Burgos conductor, Pierre Amoyal violin (Beechov, Dvorak).
June 28: John Shakespeare Company, "Henry V."
June 29: National Portrait Gallery (tel. 930.15.52).
EXHIBITION—To Oct. 13: "Charles Chaplin 1889-1977."
June 29: Royal Academy of Arts (tel. 734.90.52).
EXHIBITIONS—To July 14: "Edward Lear, 1812-1888."
To Aug. 25: "217th Summer Exhibition."
June 29: Royal Opera (tel. 240.10.66).
BALLET—June 24 and 26: "La Bayadère" (Petipa, Nureyev, Minkus).
"Consort Lessons" (Bintley, Stravinsky).

FRANCE

NICE, Acropolis (tel. 92.80.05).
EXHIBITION—To June 25: "Baie des Arts."
PARIS, American Center (tel. 335.21.50).
EXHIBITION—To June 25: "Marthe et l'Alcazar, Olivier de Bouchaud, David Ryan, Anne Sausse."
June 29: Carre Silvia Mounfort (tel. 531.28.34).
DANCE—Through June: "50 Years of Tap Dance."
June 29: Centre Georges Pompidou (tel. 277.12.53).
EXHIBITION—To Aug. 19: "Jean-François Bertrand, 'Palermo,' 'David Tremllet.'"
June 29: Galerie Charles Sablon (tel. 548.10.48).

sky, "A Month in the Country" (Aston, Chopin).
OPERA—June 22, 25, 28: "Ariadne auf Naxos" (R. Strauss).
EXHIBITION—To Aug. 18: "Paintings by Francis Bacon: 1944 to Present."
June 24: Victoria and Albert Museum (tel. 589.63.71).
EXHIBITIONS—To Oct. 22: "Textiles from the Wellcome Collection: ancient and modern textiles from the Near East and Peru."
To September 15: "Louis Vuitton: A Journey through Time."
June 28: Johannes Leontowier violin, Julian Reynolds piano (Debussy, Webern).
June 30: Vincent Lindsey-Clark guitar (Britten, Lindsey-Clark).

EXHIBITION—To July 7: "Catherine Willis."
Galerie Schmitt (tel. 260.36.36).
EXHIBITION—To July 20: "De Corral a Picasso."
Hôtel Meridien (tel. 758.12.30).
JAZZ—June 22 and 23: Buddy Tate.
Musée d'Art Moderne (tel. 723.61.27).
EXHIBITION—To Sept. 8: "Robert and Sonia Delaunay."
Musée de la Ville de Paris (tel. 723.61.27).
EXHIBITION—To Sept. 8: "Marc Riboud."
Musée de Montmartre (tel. 606.61.11).
EXHIBITION—Through June: "Montmartre, its origins, its famous residents."
Musée des Arts Décoratifs (tel. 260.32.14).
EXHIBITIONS—To July 13: "Jean Amado."
Musée de Petit Palais (tel. 265.12.73).
EXHIBITIONS—To June 30: "James Tissot: 1836-1902."
To Sept. 29: "Gustave Doré."
Musée Rodin (tel. 705.01.34).
EXHIBITION—To Sept. 15: "Alain Kiriloff."

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EXHIBITION—To Sept. 15: "Alain Kiriloff."

GERMANY

BERLIN, Deutsche Oper (tel. 341.44.49).
OPERA—June 22: "La Bohème" (Puccini).
June 23, 26, 29: "Cosi fan tutte" (Mozart).
June 24: "Die Zauberflöte" (Mozart).
June 25: "Salome" (Wagner).
June 27: "Fidelio" (Beethoven).
June 28: "Simon Boccanegra" (Verdi).
June 29: "Philharmonie" (tel. 2548.00).
CONCERTS—Berlin Philharmonic Orchestra—June 23 and 24: Riccardo Muti conductor (Rachmaninoff, Schumann).
June 27: Riccardo Muti conductor, Emil Gilels piano (Beethoven, Schubert).
June 28: Berlin Symphony Orchestra, Daniel Nazareth conductor, Denes Simonffy violin (Mendelssohn, Schumann).

COLOGNE, Oper der Stadt (tel. 21.25.81).
OPERA—June 23: "Cosi fan tutte" (Mozart).
MUNICH, National Theater (tel. 13.15.16).
OPERA—June 23: "Le Nozze di Figaro" (Mozart).
June 26 and 29: "Don Carlo" (Verdi).
June 27: Staatsoper (tel. 201.67.67).
MUSICAL—June 26 and 27: "My Fair Lady" (Lerner, Loewe).

IRELAND

DUBLIN, Abbey Theatre (tel. 74.45.05).
THEATRE—To July 13: "Sive" (J.B. Keene).
Olympia Theatre (tel. 71.81.47).
THEATRE—Through June: "Goodbye to the Hill" (Dunne).
Oriel Gallery (tel. 76.34.16).
EXHIBITION—Through June: "Irish Landscape Exhibitions."
National Concert Hall (tel. 71.15.33).
RECITAL—June 14: Peter Kerr tenor (Schubert).
Peacock Theatre (tel. 74.45.05).
THEATRE—To July 13: "The Tinkers Wedding" (J.M. Synge).
Project Arts Centre (tel. 71.33.27).
EXHIBITION—Through June: "Paintings by Denis Lennon."
Taylor Gallery (tel. 77.40.89).
EXHIBITION—Through June: "Sculptures by James McKenna."

ITALY

FLORENCE, Teatro Comunale (tel. 277.92.36).
CONCERTS—June 22: Maggio Musicale Fiorentino Orchestra, Gerd Albrecht conductor (Pfitzner, Strauss).
June 25: Munich Philharmonic, Lorin Maazel conductor (Brahms, Weber).
ROME, Alinea Gallery (tel. 679.29.23).
EXHIBITION—To June 30: "Rome: Her Monuments, Streets, and People."
VENICE, Museo Correr (tel. 256.25).
EXHIBITION—To July 28: "Le Venetie Possibili."
Palazzo Fortuny (tel. 70.09.95).
EXHIBITIONS—To July 14: "Roberto."
To July 28: "Hors, Photography, 1931-1984."

JAPAN

TOKYO, Azabu Museum of Art (tel. 582.14.14).
EXHIBITION—To June 30: "Ukiyo-E Paintings."
Bunka Kaikan Hall (tel. 228.21.11).
CONCERT—June 24: Japan Philharmonic Orchestra, Jiji Beethoven conductor, Patrick Gallois flute (Jausou, Shostakovich).
Fibiya Kokaido (tel. 323.52.55).
CONCERT—June 28: Tokyo Symphony Orchestra, Shunji Aratani conductor, Yuko Yamashita, Nobuyoshi Kato piano (Beethoven, Mahler).
Japan Folk Craft Museum (tel. 467.45.27).
EXHIBITION—To June 23: "Crafts of North-Eastern Districts."
Kansai Hoken Hall (tel. 470.04.27).
JAZZ—June 25: Horace Silver Quintet.
Kokuritsu Noh-gakudo (tel. 423.13.31).
EXHIBITION—To Aug. 18: "Noh Masks."
NHK Hall (tel. 465.11.11).
CONCERT—June 22: NHK Symphony Orchestra, Hans Drewenz conductor, Mikhail Rudy piano (Bartok, Tchaikovsky).
Tobacco and Salt Museum (tel. 476.20.41).
To July 14: "Ukiyo-E Woodblock Prints."
Tokyo National Museum (tel. 522.11.11).
EXHIBITION—To June 30: "Selection of Japanese Art from the Mary and Jackson Burke Collection."
Zeit Photo Salon (tel. 246.13.70).
EXHIBITION—To Sept. 16: "Tsubu Kiba City."

PORTUGAL

BRAGA, Junta de Turismo (tel. 631.22).
EXHIBITIONS—June 24-30: "Lurdes Carrasco."
LISBON, St. Luis Theater (tel. 563.529).
BALLET—June 27-30: "Vivaldi" (Navarro, Vivaldi), "Sylvia" (Lifar, Delibes), "As Troianas" (Roriz, Capdeville, Salomé), "Suite en Blanc" (Lifar, Lalo).
To July 14: "Ukiyo-E Woodblock Prints."
Tokyo National Museum (tel. 522.11.11).
EXHIBITION—To June 30: "Selection of Japanese Art from the Mary and Jackson Burke Collection."
Zeit Photo Salon (tel. 246.13.70).
EXHIBITION—To Sept. 16: "Tsubu Kiba City."

UNITED STATES

NEW YORK, Guggenheim Museum (tel. 360.35.00).
EXHIBITIONS—To July 7: "Giulio Paolini."
Metropolitan Museum of Art (tel. 533.77.10).
EXHIBITIONS—To Sept. 1: "Man and the Horse."
To Sept. 3: "Revivals and Explorations in European decorative arts."
Museum of Modern Art (tel. 708.94.00).
EXHIBITION—To Oct. 1: "Kurt Schwitters."
SAN FRANCISCO, Museum of Modern Art (tel. 863.88.00).
EXHIBITIONS—To Aug. 25: "art + architecture + landscape."
To Oct. 6: "Paul Klee: Selections from the Djerssi Collection."

San Francisco's Compact Variety

By Robert Lindsey

SAN FRANCISCO—The roses are in bloom in Golden Gate Park. Richard Wagner has been casting his spell at the Opera House. The Golden Gate Bridge, as usual, is getting a fresh coat of the red-orange paint that seems to blend so beautifully with the colors of sunset. Herb Caen, the popular columnist for The San Francisco Chronicle, is still trying to convince people not to say "Frisco." And on Fisherman's Wharf, the few fishermen who are still there are asking again: Where have the crabs gone?

Perhaps no other U.S. city of its size—it has fewer than 720,000 residents—offers so rich a tableau of sights, sounds, cultural attractions, ethnic diversity and culinary landmarks as San Francisco.

It has been fashionable lately among local people to complain that the cable cars, which resumed their legendary climb halfway to the stars a year ago after being silenced for almost two years for a systemwide overhaul, are noisier. But San Franciscans seem to have few other complaints as they await the annual summer influx of tourists to the place they refer to simply as The City.

Situated at the tip of a peninsula ringed on two sides by its beautiful bay and on a third by the Pacific Ocean, San Francisco is compact and relatively easy to tour. A visit of two or three days allows enough time to see most of the city's highlights, such as Chinatown, Fisherman's Wharf, Nob Hill and Russian Hill, Golden Gate Park, the Union Square shopping district, North Beach and the Montgomery Street financial district, and leaves enough time to ride a cable car, explore some of the city's 24 miles of waterfront or visit a museum.

Fisherman's Wharf, according to opinion surveys, continues to be the city's most popular destination with visitors, even though many oldtimers say sadly that over the last decade it has taken on the gaudy atmosphere of a carnival, especially in summer.

The Red and White Fleet (415-546-2810) operates 45-minute tours of the bay every 30 minutes or so from the wharf, with the first boat leaving at 10:45 A.M. The fare is \$7.95; for juniors 12 through 18, \$5.95; children 5 to 11, \$5.95; under 5, free.

In conjunction with the National Park Service, the Red and White Fleet takes visitors to Alcatraz Island, site of the former maximum security prison that is now a tourist attraction. Boats leave hourly from Pier 41 near Fisherman's Wharf between 8:45 A.M. and 2:45 P.M. Warm clothing and comfortable walking shoes are recommended. The fare is \$4; children 5 to 11, \$2.50.

San Francisco is a city for shoppers. A few blocks from Fisherman's Wharf is Ghirardelli Square and The Cannery, both former industrial buildings that have been redeveloped into clusters of shops, boutiques and restaurants. Nearby is Coast Plus Imports, a sprawling six-story complex of imports from around the world.

The Union Square neighborhood is a world-class shopping district with not only dozens of small shops, some 60 at the three-story Galleria complex at 50 Post Street, and Gump's, an elegant gift store at 250 Post, but large ones operated by Neiman-Marcus, Saks Fifth Avenue and Macy's.

Other recently opened hotels include the French-owned Moriden (50 Third Street; 415-974-6400), where Walter F. Mondale stayed during the Democratic convention (rates \$140 to \$205, a \$99 a night weekend special with a rental car is sometimes available), and the Ramada Renaissance (35 Cyril Magnin Street; 415-392-8000). Rates \$120 to \$165.

The Four Seasons (495 Geary Boulevard; 415-775-4700) is a first-rate hotel two blocks from Union Square that was thoroughly remodeled a few years ago. The price of a double room is \$150 to \$220.

The Stanford Court (905 California Street; 415-989-3500) is at the Center of things on Nob Hill, and its Café Potpourri is one of the most pleasant places in town for breakfast (about \$25 for two). A double is \$165 to \$210.

Visitors still crowd into the elevators of the nearby Mark Hopkins Hotel at California and Mason (415-392-3434) to ride to the glass-walled cocktail lounge known as the Top of the Mark, with its view of the city and the bay. Rates are \$160 to \$210.

The Sheraton-Palace (639 Market Street; 415-392-8600), which opened in 1909, is almost surely staying in simply for the convenience of having breakfast or lunch at the Palm Court, its elegant Victorian dining room illuminated by sunlight cascading through a giant skylight. Two can enjoy a beautifully prepared Dungeness crab or bay shrimp salad, for about \$22, excluding wine. Rates \$105 to \$135.

The Canterbury (750 Sutter Street; 415-474-6464) has a relaxing English atmosphere and is reasonably priced at \$68 to \$98 for a double. Nearby, even more moderately priced at \$32 to \$65, is the King George Hotel (334 Mason Street; 415-781-5050), where tea is served daily and student musicians often perform at mealtime.

THE Hayes Street Grill, 324 Hayes Street (415-863-5545), is an unpretentious-looking place near the Performing Arts Center that offers wonderfully grilled tuna, salmon and other fresh fish, chicken, salads and other specialties changed seasonally and listed on a huge blackboard. Dinner for two, including a selection from a fairly good list of California wines, runs about \$55. Try to avoid the pre-theater hours, when it is often very busy.

While the Hayes Street Grill may represent the best of contemporary California cuisine, Tadich, 240 California Street (415-391-2373), and Sam's Grill, 374 Bush Street (415-421-00549), both in the financial district, typify the best of San Francisco's traditional seafood houses. Specialties at both include local red sole and petrale sole, sand dabs and Dungeness crab. Because of a shortage in local waters, much of the fish these days comes from Washington and Alaska. Purists prefer cracked crab, which means it comes cold, usually with mayonnaise, and with its hard shell cracked so you can extract its flaky white meat without much trouble. Lunch for two at Tadich or Sam's runs about \$40.

With a carafe of respectable house wine from California, two can enjoy pasta or a seafood dinner for less than \$40 at the Washington Square Bar & Grill, 1707 Powell Street (414-982-8123), a lively place in North Beach popular with politicians, writers and visiting actors. If they are available, try the scallops from Maine or fried strips of calamari.

Donatello, 501 Post Street (415-441-7182), in the Pacific Plaza hotel, is one of the city's finest Italian restaurants, serving risotto, feathery pastas, seafood and a wide range of other dishes from northern Italy with elegance. Dinner for two, including wine, about \$120.

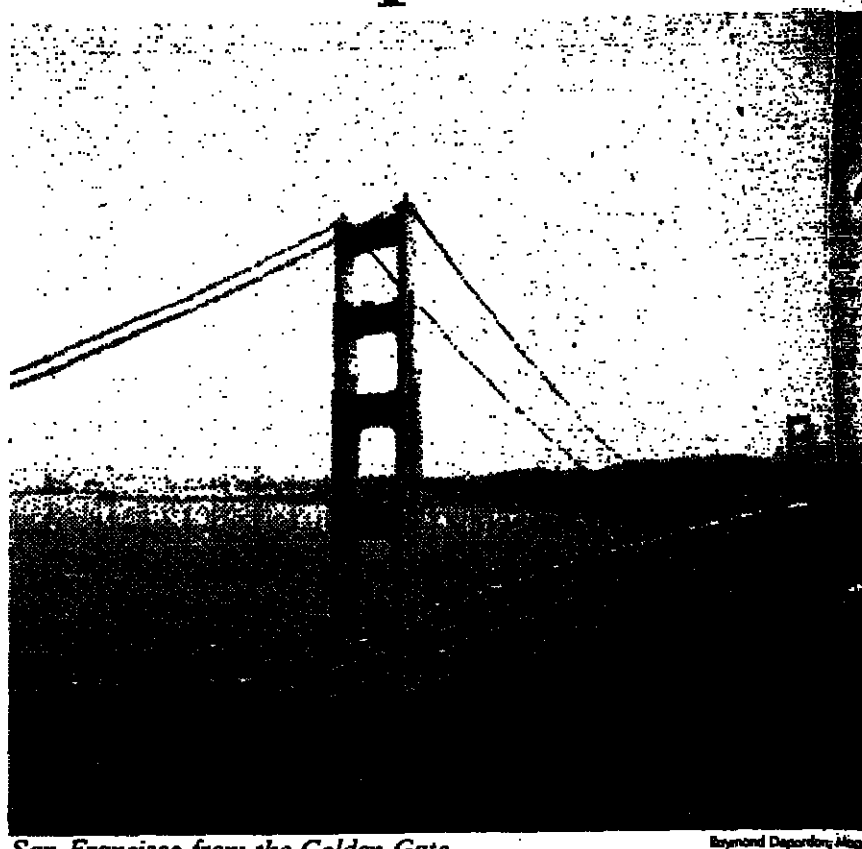
For an introduction to moderate cost to spicy Hunan-style cooking, join the line, people usually waiting outside (the wait is usually not very long) the Hunan restaurant at 853 Kearny Street (415-397-8718). This is a hole in the wall, but the food is excellent and it is fun to sit at the counter and watch the cooks in front of you laboring over their woks, turning out batch after batch of peppery shrimp, chicken and smoked meat, onion tarts (a specialty) and other items. Dress informally and expect to spend less than \$20 for two, including a can of two cold beer.

Judging by the attention being given this month to Richard Wagner, "The Ride of the Valkyries" seems to have replaced "I Left My Heart in San Francisco" as the city's favorite piece of music.

The San Francisco Opera's ambitious presentation of Wagner's "Ring" cycle ends Wednesday, but the opera has scheduled a diverse program of concerts, motion pictures and other events devoted to the composer through June 30. For information about programs and tickets call 415-864-3330.

Under its new music director, Herbert Blomstedt, the San Francisco Symphony (415-552-8000) is presenting a monthlong tribute to Beethoven in Davies Symphony Hall.

Beneath the southern anchorage of the Golden Gate Bridge, the museum at Fort Point, a fortress built during the Civil War to guard the entrance to the bay, has an interesting exhibit of photos tracing the role of black soldiers in the army. Admission is free, 10 A.M. to 5 P.M. daily.



San Francisco from the Golden Gate.

es and streetcars require an exact fare of 60 cents; rates vary on BART, depending on the distance traveled. For information about the Municipal Railroad routes, call 415-673-6864; for BART the information line is 415-788-2278.

The San Francisco Convention and Visitors Bureau (415-974-6900), which operates a Visitor Information Center at 900 Market Street, is a good source of information about the city. A telephone information line (415-391-2000) informs visitors each week of interesting current events. Ask for one of its publications, "The San Francisco Book," a convenient compendium of information for visitors. Among the best of the guidebooks is the "San Francisco Access" book (\$9.95) published by Access Press of Los Angeles.

American Family Inn/Bed & Breakfast (415-931-3083) offers an unusual way to spend the night in San Francisco—on a sailing yacht or power boat berthed on the bay. The rate for two for a night is \$100 to \$120. The company also makes bookings for bed and breakfast establishments in the city and its environs, with rates ranging from \$50 to \$90 nightly.

The Compton Place (340 Stockton Street; 415-781-5555) is one of the city's newest and best-run hotels, with a friendliness and attention to detail reminiscent of a small, deluxe European hotel, but with the kind of efficiency found at America's best-run hotel chains. Its dining room, specializing in seafood and other examples of California cuisine, is one of the best in the city. Dinner for two is about \$85. Double rooms are \$150 to \$210.

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The Stanford Court (905 California Street; 415-989-3500) is at the Center of things on Nob Hill, and its Café Potpourri is one of the most pleasant places in town for breakfast (about \$25 for two). A double is \$165 to \$210.

Visitors still crowd into the elevators of the nearby Mark Hopkins Hotel at California and Mason (415-392-3434) to ride to the glass-walled cocktail lounge known as the Top of the Mark, with its view of the city and the bay. Rates are \$160 to \$210.

The Sheraton-Palace (639 Market Street; 415-392-8600), which opened in 1909, is almost surely staying in simply for the convenience of having breakfast or lunch at the Palm Court, its elegant Victorian dining room illuminated by sunlight cascading through a giant skylight. Two can enjoy a beautifully prepared Dungeness crab or bay shrimp salad, for about \$22, excluding wine. Rates \$105 to \$135.

The Canterbury (750 Sutter Street; 415-474-6464) has a relaxing English atmosphere and is reasonably priced at \$68 to \$98 for a double. Nearby, even more moderately priced at \$32 to \$65, is the King George Hotel (334 Mason Street; 415-781-5050), where tea is served daily and student musicians often perform at mealtime.

THE Hayes Street Grill, 324 Hayes Street (415-863-5545), is an unpretentious-looking place near the Performing Arts Center that offers wonderfully grilled tuna, salmon and other fresh fish, chicken, salads and other specialties changed seasonally and listed on a huge blackboard. Dinner for two, including a selection from a fairly good list of California wines, runs about \$55. Try to avoid the pre-theater hours, when it is often very busy.

While the Hayes Street Grill may represent the best of contemporary California cuisine, Tadich, 240 California Street (415-391-2373), and Sam's Grill, 374 Bush Street (415-421-00549), both in the financial district, typify the best of San Francisco's traditional seafood houses. Specialties at both include local red sole and petrale sole, sand dabs and Dungeness crab. Because of a shortage in local waters, much of the fish these days comes from Washington and Alaska. Purists prefer cracked crab, which means it comes cold, usually with mayonnaise, and with its hard shell cracked so you can extract its flaky white meat without much trouble. Lunch for two at Tadich or Sam's runs about \$40.

With a carafe of respectable house wine from California, two can enjoy pasta or a seafood dinner for less than \$40 at the Washington Square Bar & Grill, 1707 Powell Street (414-982-8123), a lively place in North Beach popular with politicians, writers and visiting actors. If they are available, try the scallops from Maine or fried strips of calamari.

Donatello, 501 Post Street (415-441-7182), in the Pacific Plaza hotel, is one of the city's finest Italian restaurants, serving risotto, feathery pastas, seafood and a wide range of other dishes from northern Italy with elegance. Dinner for two, including wine, about \$120.

For an introduction to moderate cost to spicy Hunan-style cooking, join the line, people usually waiting outside (the wait is usually not very long) the Hunan restaurant at 853 Kearny Street (415-397-8718). This is a hole in the wall, but the food is excellent and it is fun to sit at the counter and watch the cooks in front of you laboring over their woks, turning out batch after batch of peppery shrimp, chicken and smoked meat, onion tarts (a specialty) and other items. Dress informally and expect to spend less than \$20 for two, including a can of two cold beer.

Judging by the attention being given this month to Richard Wagner, "The Ride of the Valkyries" seems to have replaced "I Left My Heart in San Francisco" as the city's favorite piece of music.

The San Francisco Opera's ambitious presentation of Wagner's "Ring" cycle ends Wednesday, but the opera has scheduled a diverse program of concerts, motion pictures and other events devoted to the composer through June 30. For information about programs and tickets call 415-864-3330.

Under its new music director, Herbert Blomstedt, the San Francisco Symphony (415-552-8000) is presenting a monthlong tribute to Beethoven in Davies Symphony Hall.

Beneath the southern anchorage of the Golden Gate Bridge, the museum at Fort Point, a fortress built during the Civil War to guard the entrance to the bay, has an interesting exhibit of photos tracing the role of black soldiers in the army. Admission is free, 10 A.M. to 5 P.M. daily.

WEEKEND

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FOR FUN AND PROFIT

Matching Policy to Needs
Is Travel Insurance Goal

by Roger Collis

INSURANCE people love to tell cautionary tales. There's one about a British pilot on vacation in Florida whose wife and three children were drowned when their rented car was hit by another automobile and plunged into a canal. The other driver was found at fault and the pilot pressed for damages. However, it transpired that he was unemployed and not worth suing personally. Moreover, he carried only the minimum \$20,000 third-party insurance required by the state. Half of this sum went for legal expenses and there was barely enough money to ship the bodies home.

Most prudent Americans are protected with uninsured motorist (UM) insurance, which is generally unnecessary in Europe, where most countries have either unlimited third-party coverage or much higher compulsory levels than in the United States. The problem is that UM is so far not available to overseas visitors.

The lesson of this tragic tale is that if you rent a car in the United States or Canada, you should consider taking out a top-up insurance policy for both third-party liability and personal accident. Most major car rental firms provide automatic third-party coverage of \$300,000, well above the minimum in any state, but woefully inadequate if you are involved in a serious accident in the great land of litigation. Most comprehensive travel policies exclude automobile driving from personal liability coverage and personal accident benefits rarely exceed \$250,000. A policy that provides a partial solution is TopSure, marketed in Britain and designed specifically for North American car rental. A premium of \$54.50 (about \$70) will buy \$2 million of third-party coverage and \$300,000 personal accident coverage for a 14-day rental period. It's expensive, but it might help to alleviate a catastrophe.

The first thing to consider when buying travel insurance is protection against catastrophe. This will depend on where you're going and what you plan to do. For example, you will need more medical coverage in the United States, say \$500,000, than in Europe, where \$50,000 should be ample. If you are going to a remote part of Africa, make sure you have emergency medical repatriation coverage. If you are just driving from France into Germany, vehicle breakdown may be your main concern. On the other hand, trip cancellation insurance may loom large if you have just booked an expensive world cruise. In any event, spread your insurance sensibly.

But before you start shopping for travel insurance, be aware of what coverage you already have; duplication is unnecessary and expensive. Most of us already have sufficient life insurance. Executives are usually covered 24 hours a day by their company's global policy. Home ownership plans often provide protection for personal liability and loss of baggage and valuables. If you charge your tickets to a major credit card, you may be covered automatically for death or injury on public transport, personal liability, loss of baggage and money, flight delay and sometimes even medical expenses.

One of the most attractive of the credit card free insurance plans is the British Diners Club (benefits vary considerably in the other national Diners Club franchises), which offers 24-hour personal accident coverage of \$75,000, the same amount for medical expenses (including emergency dental treatment and air ambulance), \$50,000 for personal liability, \$75 if your scheduled departure is delayed for more than four hours, if your baggage is mislaid for six hours, if you are bumped off a flight, miss a flight due to failure of public transport or miss a connecting flight because of the late arrival of an aircraft. There is also free baggage insurance of £1,500 and a shopping policy, which covers for loss and damage up to 30 days.

Visa International is less lavish with free insurance. According to a Visa spokesman in London, the best deal is offered by Z-Bank in Austria. All you need to qualify is to have made any purchase with a Visa card in the previous month. You are covered for medical expenses of 30,000 schillings, personal accident 200,000 schillings, personal liability seven million schillings and loss of baggage 25,000 schillings. Skiing is specifically included and there is even 3,000 schillings insurance for ski breakage.

American Express offers relatively meager

free insurance (\$100,000 for common carrier accident, \$100 for flight delay, bumping and missed connections and up to \$200 for baggage delay) but cardholders can buy the AmeriCentric comprehensive travel policy (marketed in Britain and certain other countries under different names). It is an annual policy you can buy in any of three units. First is medical, which provides \$75,000 of hospital care, no limit on emergency repatriation through Europe Assistance, family care both on the trip and at home (including medical treatment of children at home) and the cost of close relative to visit you. All this for a premium of \$35. The second unit covers personal liability up to \$500,000, baggage \$1,000, and cancellation and curtailment of a trip up to \$2,000 for an additional premium of \$15. The third part is a comprehensive vehicle assistance plan, which costs \$25.

The International Airline Passengers Association has a new policy for its members

Protection from
catastrophe is
the main idea

outside the United States. The annual premium of \$168 provides for \$300,000 medical expenses (including emergency repatriation), \$120,000 personal accident, \$600,000 personal liability, \$1,500 for baggage loss and \$1,200 for cancellation. It also covers winter sports up to 21 days a year.

Both these policies are fairly typical of the best comprehensive travel insurance available outside the United States (where premiums tend to be higher and benefits lower than elsewhere). Britain is probably the most conservative travel insurance market. ExtraSure (from the TopSure people) offers a comprehensive policy for £120 a year, with medical expenses up to £100,000. It includes three months of continuing medical care back home as well as the cost of a colleague flying out to replace an executive who falls sick. A similar policy is SuperSure, marketed by Hong Kong-based Jardine Matheson.

An annual policy is probably the best buy for the frequent traveler, but make sure there are no restrictions on the number of trips and that the limit on the duration of any one trip is not less than 90 days. Also check that any claim you make is not deducted from the total annual benefits.

But if you are only making one or two trips a year, it is worth considering the per-trip holiday/business policies. They are more expensive (typically, the annual equivalent of 30 days is twice that of an annual policy) but per-trip benefits can be much higher. For example, SuperSure Plus from Jardine Matheson, and American Express Travel Protection policies both have medical coverage up to £1 million and cancellation insurance of £3,000 and £3,500 respectively. You also can have worldwide coverage or choose only European coverage, which is less than half the cost.

Before you buy, look carefully at the exclusions. What does the fine print say about pre-existing medical conditions, age and pregnancy? Are family members covered and how? What about hazardous activities, like winter sports and motorcycling? Is there an upper limit on single items of baggage and undeclared valuables? Will you need a separate policy for your video equipment? Does medical coverage include a reliable emergency assistance service? Are medical expenses guaranteed up front or simply reimbursed when you return? Are you fully insured from the time you leave home, or only when you arrive overseas?

Be especially careful with limitations and restrictions on cancellation and curtailment. Some policies allow business reasons. Others limit bona fide reasons to death or illness of a close relative at home or in your travel party.

If in doubt, get the insurer to take you through "What if?" scenarios rather than the abstractions of policy jargon.

Travel insurance is certainly worthwhile, provided you shop around and match the policy to your needs. But bear in mind that nobody ever buys insurance, someone always sells it to them.

TRAVEL
Tracing the Footsteps of the Crusaders

by Nitza Rosovsky

THE Latin Kingdom of Jerusalem, the name by which the Crusaders' rule over the Holy Land is commonly known, lasted from 1099, when the Crusaders "rescued Jerusalem from the yoke of the infidel," as one contemporary account put it, to 1291, when the city of Acre was retaken by the Moslems. At its zenith, the kingdom stretched from Beirut to Elath, from the Mediterranean to the Jordan and beyond.

Even though the kingdom was in a constant state of siege, a building boom of a magnitude rarely equaled in the land occurred during the period of Crusader rule. Despite man-made and natural disasters the Israeli landscape is still dotted with 12th- and 13th-century remains, and a visitor can soon learn to recognize the idiom of a Crusader architecture in the Holy Land.

There were three types of construction: military, religious and civilian. Forts and castles, churches and monasteries, inns, markets and hospitals were built by the Crusaders to defend their holdings and to serve the needs of pilgrims. The style was basically Romanesque with some early Gothic elements; a few local motifs were introduced by native craftsmen.

In Jerusalem, the city that had beckoned from afar, Crusaders' footprints abound. Capture of the city came after a five-week siege. On Friday, July 15, 1099, Godfrey of Bouillon and his men finally scaled the wall and won the battle for Christendom. A terrible massacre ensued. The Jews, who had fought alongside the Moslems, were locked up in a synagogue and set on fire.

Later that day, Godfrey, Tancred and the other leaders of the First Crusade made their way barefoot to the Church of the Holy Sepulcher. At the church they found evidence of the damage inflicted earlier in the century by the Egyptian Caliph el-Hakim. Soon, refurbishing of the church began; it was completed and celebrated in 1149, 50 years to the day after the Crusaders' victory.

Unlike the interior, the facade has changed little since the 12th century. The double portal (the right one has been blocked since the days of Saladin, the Moslem ruler) and the two corresponding windows on the second floor are accented by three archivolts supported by engaged columns. The capitals with a foliage motif and the rosette-frieze were common to local architecture since the Byzantine period. The columns — the evenly shaped stones in the arches — may have also been influenced by Eastern masons. The carved lintels of the portal, depicting scenes from the life of Jesus, have been removed to Jerusalem's Rockefeller Museum for preservation. On the terrace roof, near the Ninth Station of the Cross, are the remains of the Crusader refectory and cloisters. The remains now surround a cluster of mud huts — the Ethiopian holding in the Holy Sepulcher — where old monks reside.

Southeast of the Holy Sepulcher are the Three Covered Bazaars, built to produce income for the Order of the Templars and the Church of St. Anne. Light enters the bazaars through apertures at the top of the groin vaults; the shops, still in use, are small and dark. The central bazaar, Suq el-Attarin, was known as Rue de Malquissin (the Street of Bad Cooking) for the quality of the roasted meats sold to pilgrims there. Not all foods were poor, however. Oranges, peaches and bananas were available, along with a variety of breads, and local wines kept chilled in snows from Lebanon.

At the southern end of Suq el-Attarin begins the recently excavated Cardo, an elegant arcade street from the Byzantine era. Shops on either side of the street, added some 600 years later by the Crusaders, have recently been renovated to accommodate modern goods. Below street level, one can see remains of fortifications from the sixth and first centuries B.C.

EAST of the Cardo, on Misgav Ladach Road, is the partially restored Church of St. Mary of the Teutonic Knights. The church was established in 1128 to care for German pilgrims who might have felt unwelcome in the French-dominated Crusader Jerusalem. The church, which had a hospital and a hospice attached to it, was the modest birthplace of the Teutonic Order, which later became so powerful that it con-



The view from Belvoir.

quered the state of Prussia and gave rise to its militaristic spirit.

The most beautiful Crusader church in Jerusalem is St. Anne, the traditional dwelling of Mary's parents. It was turned into a madrasa, a religious school, by Saladin after his victory over the Crusaders in 1187, as is testified by an inscription above the portal. Some seven centuries later, after the Crimean War, the Turks presented this building to the French government, which committed it to the care of the White Fathers, a religious order.

Romanesque in style, built of white stone, it is pure and austere. The facade is elegant in its simplicity. A plain, triple-pointed arch marks the main portal; above it is a delicately carved molding. Only the top window is adorned, flanked by pillars and capitals. Six cruciform piers divide the interior into a nave and two aisles. The central apse creates a chevet, an unusual rounded projection in the exterior of the eastern wall. Light filters into the sparsely furnished building through a few clerestory windows. The acoustics are superb; to hear mass sung here — divine (Mass is sung every morning at 6:30).

Some time after the conquest of Jerusalem, the Templars — the order charged with protecting pilgrims in the Holy Land — implanted themselves on the Temple Mount and refurbished the Mosque of Aksa. The Crusaders renamed it Templum Solomonianum for Solomon's Temple, which had stood on the Mount some 2,000 years before. The zigzag central arch in the entry porch is Crusader as is the small octagonal edifice northwest of the Dome of the Rock.

That building was turned into Templum Domini, and the octagonal structure served as its baptistery. Known today as the Dome of the Ascension, the former baptistery is a fine example of Crusader architecture.

If one leaves the Temple Mount through Bab el-Silsileh (Gate of the Chain in Arabic) one can see the twisted marble columns on either side of the gate, which probably come from a Crusader structure, as does the "recycled" rose window in the water fountain across from the gate.

Before leaving Jerusalem one should visit the Citadel, an amalgamation of walls, towers and other fortifications. In the Crusader period, as the city changed hands more than once, the Citadel often served as the defenders' last stronghold. At its southwestern corner one can see the glacis and the outer wall of the fosse, the dry moat.

In the autumn of 1099, having fulfilled their vow to redeem Jerusalem, most of the Crusaders returned home. Those who stayed behind were known as the Franks — Christians of European, mostly French, origin. Noblemen, merchants, artisans, even peasants — most of the Franks settled in urban centers such as Jerusalem, Acre, Tiberias

and Bethlehem. The country's indigenous Christians despised the haughty Franks, who had replaced their clergy and liturgy in the churches. The Moslems who survived the First Crusade were mostly farmers who were allowed to continue to till the land and produce foodstuffs for the urban Franks. The Jewish population was almost completely eradicated by the Crusaders.

One of the main tasks of the 150,000 Franks (about a third of the total population) was to keep the highways safe for pilgrims. Since the pilgrims were in constant danger of Saracen attacks, the Franks built a strong network of forts and castles along the borders and on major routes and crossroads.

BELVOIR, a few miles south of the Sea of Galilee, is a fine example of a castrum, as a small Crusader fort was known. Known in Hebrew as Kochav Hayarden (Star of the Jordan), it commands a sweeping view of Mount Hermon and Tabor, the Golan, the Sea of Galilee and the Yarmuk and Jordan valleys. One could observe any movement on the nearby road, one of the ancient trade routes from Egypt to Damascus, which crosses the Jordan near Beit She'an. Belvoir was built in the middle of the 12th century and served the Knights of St. John, also known as the Order of the Hospitaliers.

Belvoir, which was meant to withstand prolonged sieges, is a double fort. The outer portion is a rectangle, 330 by 440 feet long. Square towers stand at the four corners and at regular intervals. Entry is over a culvert and through a low, fortified gate. Inside is a courtyard with arched corridors that used to house stables and storage areas. The inner fort is built around an open court where one can still see the Hospitaliers' dining quarters, kitchen, ovens and steps that led to a chapel and bedrooms. The bedrooms are now gone, as is the upper part of the keep.

Belvoir served the Hospitaliers well until the time of Saladin, to whom it surrendered in 1189, after an 18-month siege. In the 1220s, the fort was partially destroyed by Saladin's nephew, el-Malek el Mu'azzam.

Before leaving, the visitor might look again at the view and listen to the whispering breezes that give Belvoir its Arabic name — Kaukab el-Hawa (Star of the Winds). Keeping the lanes open was a vital importance to the Franks, who depended on arms, supplies and men from Europe. Acre, on the coast just north of Haifa, with its natural harbor, was second only to Jerusalem in its importance to the Latin Kingdom. The city, which is at least 4,000 years old, was famous since Phoenician times for its glass and for the dye extracted from the purple murex, a local snail.

King Baldwin I captured the city in 1104.

Like other Mediterranean coastal cities, Acre was conquered with the help of Italian merchant fleets. For their assistance, commercial and other privileges were granted to the merchants: Venetians, Genoese, Pisans and Amalfians occupied large sections of Acre. The Orders of the Templars and the Hospitaliers dominated the rest of the city, which, noted a contemporary visitor, "is so populous as to surpass all the rest." A Moslem traveler described it as the "focus of ships and caravans, and the meeting place of Moslem and Christian merchants. . . . Its streets are choked by the press of men so that it is hard to put foot to ground." The traveler also commented on the preponderance of crosses and "pijes" — his term for Christians.

Like most of the country, Acre was conquered by Saladin in 1187, but the balance of power shifted with the arrival of Richard the Lion Hearted and the Third Crusade. In 1191 Acre returned to Christian hands and became for a century, the capital of the Latin Kingdom, replacing the fallen Jerusalem.

The grand quarters of the Hospitaliers in Acre were built mainly after 1191. A century later, when the Moslems demolished the city, they found the complex too solid to destroy and covered it with rubble. It took the Israelis 12 years to remove more than 30,000 cubic feet of debris from the subterranean halls that housed the Master of the Hospitaliers and his administration.

The entrance to this subterranean Crusader city is opposite the Mosque of el-Jazzar. After reaching the courtyard through a large Turkish gate, one can see, on the right, several huge rooms covering an area of 500 square yards; the barrel vaults are 25 feet high. This area, known today as the knights' halls, may have served as barracks.

Acre, the last Christian stronghold in the Holy Land, came under siege on April 5, 1291. "The enthusiasm of the Moslems was so great," wrote one historian, "that the number of volunteers exceeded the regular forces." The walls and towers were bombarded by siege machines; the moats began to be filled. King Henry II of Cyprus arrived with his fleet, but it was too late. On May 18 the Saracens "in numbers past counting" broke through the walls. The Franks who tried to flee were captured and killed. The last tower, held by the Templars, was being undermined when its defenders agreed to surrender. So many Saracens then entered the tower that it collapsed under their weight, crushing hundreds of Christians and Moslems. The conquerors destroyed the city's markets, towers and walls, and Acre was in ruins for centuries. Thus ended 200 years of the Latin Kingdom of Jerusalem.

Nitza Rosovsky is the author of "Jerusalem Walks (Holt, Rinehart & Winston). This article was written for The New York Times.

Chefs Burned Up Over No-Shows

by Florence Fabricant

FOR some tourists, a visit to France without dining at a fine restaurant would be as unthinkable as passing up the cathedral at Chartres or the Eiffel Tower. Yet the number of people who reserve a table and fail to show up is increasing, according to some of France's top chefs, some of whom are asking for deposits when they accept reservations.

The culprits are mainly tourists, American tourists in particular. But the no-show problem is worse in Paris because some Parisians have started making multiple dinner reservations and honoring only one.

"We try to do our best, but some people play games with us so that now we are taking steps to try to correct the situation," said Alain Chapel, whose restaurant in Mionnay, near Lyon, is one of those with the top three-star ranking in the Michelin guide.

Chapel has joined Paul Bocuse and Pierre Troisgros, who also own three-star restaurants in the Lyon area, in insisting that reservations made from the United States be accompanied by \$50 deposits.

"We discovered, after examining our reservation books, that a number of reservations had been made by the same people at all three restaurants for the same date and time," Bocuse explained. "Obviously, they were waiting until the last minute to decide where they wanted to eat or which place was the most convenient for their itinerary. The problem was that they neglected to cancel at the other two places."

In essence, travelers are now doing to French restaurants what they have long done in overseas air travel — making multiple bookings.

Bocuse felt that asking for deposits would discourage the practice. "I'll return the deposit," he said. "I do not want to create any ill will, and I would like the people to come

and eat in my restaurant in the future. We're just trying to be serious about this."

Chapel said he would return the deposit if the reservation was canceled at least several hours in advance. "But if they give you an hour's notice, there's not much you can do," he said. "We are out in the country, and arranging things with a waiting list is not so easy." He estimated that every party of two that did not show up cost him about \$150.

Paris restaurants are also taking action. For example, La Tour d'Argent, the landmark restaurant in Paris with a view of Notre Dame Cathedral, asks for deposits of \$25 a person. Other Paris restaurants have set up confirmation systems to protect themselves from no-shows, which in some instances are reported to be as high as 50 percent. At his two-star restaurant, Michel Rostang requires that dinner reservations be reconfirmed by 2 P.M. that day. At Jamin, a small restaurant near Lyon, is one of those with the top three-star ranking in the Michelin guide.

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'Robert le Diable'

Continued from page 13

ble." He also devised the scenarios of several ballets.

The choreography of the nuns' ballet is generally attributed to Filippo Tagliani, and his daughter Marie danced the role of Hélène, the principal nun. She stepped out of the part after a few performances, however, greatly upsetting Meyerbeer, who considered her participation crucial. During the rehearsals for the opera, Nourri handed Filippo Tagliani the scenario for the ballet that became "La Sylphide," which Tagliani choreographed and presented the following season with Marie in the title role. It is considered the first full-fledged Romantic ballet, so it is reasonable to regard the nuns' ballet scene in "Robert le Diable" as a direct ancestor of the genre.

(Nourri, incidentally, came to a tragic end when he began to his death in Naples in 1839. His downfall began when a rival tenor, Gilbert Duprez, moved in on his repertory, astonishing audiences by singing his high C's in chest voice. The sound this made reminded Rossini of "the squawk of a capon having his throat cut," but it secured Duprez's fame anyway, and Nourri left the Opéra and the repertory he had created within a year, never to return.)

There is some interesting pictorial documentation of the original production of "Robert le Diable." In the 1860s and '70s, the artist Edgar Degas did a series of four paintings — in effect group portraits of friends using the Opéra as the setting. The background is unmistakably the set for the nuns' ballet, and by comparing it with contemporary lithographs of the original production it can be seen that the Opéra was still using the original scenery or a copy thereof.

"Robert le Diable" remained in the repertory at the Opéra's theater in Rue Le Feli-

tier, and moved to the company's present home, the Palais Garnier, when it opened in 1875. It had its 758th and final performance there on Aug. 28, 1893. By then, changes in public taste had left Meyerbeer behind, although the grandest of his grand operas — "Les Huguenots" — hung on in Paris until 1936. In a way, the ornate splendor of the Palais Garnier is a kind of architectural equivalent of a Meyerbeer opera, but by the time it was opened the composer's works were on the way out.

Meyerbeer's best music, with its striking orchestral effects and shrewdly calculated finales, was much admired by Berlioz, but not by Schumann, who compared him to a circus performer. Although Meyerbeer was generous in helping the young Wagner, the latter later repaid his benefactor with insults ("a Jewish banker who composes music"). Nonetheless, Meyerbeer lives today mainly through his influence on early Wagner ("Rienzi" and "Tannhäuser") and Verdi, whose "Don Carlos," written for the Paris Opéra in 1867, is very likely the greatest of French grand operas, even if it is heard only in Italian these days.

The young American conductor Thomas Fulton, who had a success with "Don Carlos" at the Orange festival last summer, is in musical charge for this revival, with Petrka Ionesco the stage director. The cast on Monday is headed by the French tenor Alain Vanzo in the title role, Samuel Ramey as Bertram, June Anderson as Alice and Michele Lagrange as Isabelle.

For this revival the Paris Opéra seems to be playing the game to the hilt. Its press information reports that the sets have required 10,000 cubic meters of wood, 3,500 square meters of painting fabric and five tons of sculpted latex, while the 600 costumes and 600 hats required 1,000 meters of satin. Besides the soloists, there will be 96 chorists, 76 extras and 40 dancers in the corps de ballet. It should be fun.



A Degas study of nuns for his paintings

	Vol.	High	Low	Last	Chg.
Coke/Nr n	9154	17 1/2	16 1/2	17	+
BAT/N	3196	44	43	44	+
Intars	2334	10 1/2	10	10 1/2	+
Intarc	2334	44	43	44	+
Worab	2225	16 1/2	15 1/2	16	+
Modr s	1819	14 1/2	14	14 1/2	+
Eschab s	1622	12 1/2	11 1/2	11 1/2	+
TenAq	1618	14 1/2	14	14 1/2	+
TIE	1532	49	47 1/2	48 1/2	+
Wolcott	1438	12 1/2	11 1/2	12	+
Water/C	1367	14 1/2	14	14 1/2	+
Shred/s	961	15	14 1/2	15	+
Worab	961	15	14 1/2	15	+
ICH	752	97 1/2	96	97	+
DataPd	749	11	10 1/2	11	+

High	Low	Close	Chg.
254.74	253.56	254.38	-0.46

Further revision when the quarter is over, was at the high end of economists' expectations. Credit analysts speculated that the Federal Reserve would find the economy strong enough that it need not drive interest rates still lower.

In addition, the Fed reported after the close that the basic U.S. money supply surged \$4.8 billion in the week ended June 19. Analysts said the rapid money growth was a further reason that the Fed was unlikely to ease credit conditions soon.

Inflation, meanwhile, appeared to stay in check last month. The Labor Department said consumer prices edged up only 0.2 percent in May after climbing 0.4 percent in April.

Technical factors also weighed on Wall Street. On Friday, several stock-index futures and options contracts will expire, and on previous days, the market had seen price fluctuations wildly near the final bell as traders closed out their positions in the contracts and in the stocks underlying those contracts.

[illegible][illegible]

T 2,000 ...THE LINDA EVANS...

90, while the "Street" was mesmerized by
of doom, CGR predicted... "The DJ's will hit
script, we added... "The Prime Rate in the
time Congressional elections ebb and flow,
upwards in record volume." Our optimism
me has vindicated. Peddlers of pessimism
dark side of human nature. To mention
it, may be sacrilegious. Still, their impact is
as from Gilbert and Sullivan's, "Princess
more or less insane- Man's a ribald, Man's
We rebuke those who await an apocalypse,
omniscience; to say nothing of zero and
of Linda Evans, have no counterparts in
" In caressing the future, In pursuing the
his progeny will rise above the malaise of
expectations," will propel the DOWS
who inhale the Dusk, not Dawn. Our
record" since late 1981, a performance in
recommended, subsequently advanced, with
lly buckling. In addition, CGR highlights a
emulating a recently recommended
a brief time-span. For your complimentary

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Amsterdam B.V.
Kalverstraat 112
1012 PK Amsterdam, The Netherlands
Phone: (020) 27 51 81 Telex: 185336

HT 21/6

12 Month	High	Low	Stock	Div.	Yld. Pct.	PS	Price	High	Low	Close	Change
3254	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3255	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3256	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3257	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3258	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3259	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3260	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3261	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3262	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3263	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3264	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3265	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3266	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3267	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3268	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3269	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3270	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3271	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3272	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3273	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3274	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3275	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3276	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3277	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3278	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3279	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3280	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3281	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3282	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3283	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3284	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3285	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3286	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3287	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3288	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3289	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3290	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3291	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3292	17%	17%	Limited	32	7	78	1240	21	28	47%	47%
3293	17%	17%	L								

New York City's first gay and lesbian newspaper, *Gay City News*, is a weekly publication that has been in circulation since 1973. The paper is published by the Gay City News Association, a non-profit organization that was founded in 1973. The paper is published by the Gay City News Association, a non-profit organization that was founded in 1973. The paper is published by the Gay City News Association, a non-profit organization that was founded in 1973.

However, the paper is not just a news source for the gay and lesbian community. It is also a source of information for the general public. The paper is published by the Gay City News Association, a non-profit organization that was founded in 1973. The paper is published by the Gay City News Association, a non-profit organization that was founded in 1973. The paper is published by the Gay City News Association, a non-profit organization that was founded in 1973.

Continued

From Home

Where Dollar Values

Continued

When the DJ's were hovering around 790, while the "Street" was mesmerized by Garvin, Kaufman, and other purveyors of doom, GGR predicted: "The DJ's will hit 1,000 by the end of '80." In our post-script, we added: "The Prime Rate in the United States, will drop below 13%, by the congressional elections eventuate, American and British markets will thrust upwards in record volume. *Our optimismism was considered heretical, an optimism time has vindicated. Peddlers of pessimismism share a common equalizer, all sniff the dark side of human nature. To mention fiscal pundits in the same context as Orwell, may be sacrilegious. Still, their impact is real. Perhaps they're addicted to lyrics from Gilbert and Sullivan's, "Princess Ida."

.... Man is Nature, and man is plain-Man is more or less insane-Man is a ribald, Man is a creature of flesh and blood, Man is mortal, Man is rebuked the who, what, why, how, when, where, Eternity, infinity, immortality, potentiality, omniscience; to say nothing of zero and the square root of minus one, or the virtues of Linda Evans, have no counterparts in animals; the individual is not a "mistake." In caressing the future, in pursuing this "Impossible Dream," mankind insures that his progeny will rise above the malaise of past nightmares. The "revolution of rising expectations," will propel the DOWNS from 2,000, despite the moans of sages who inhale the Dusk, not Dawn. Our forthcoming report reviews GGR's "track record" since late 1981, a performance in which approximately 90% of equities recommended, subsequently advanced, with the exception of substandard "safe equities", eventually buying, in addition, the "highlights of special situations" that could escalate, emulating the "recently recommended," "emerging equity" that spiraled 800% in a brief time-span. For your complimentary copy, please write to, or telephone:

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Amsterdam B.V.
Kalverstraat 112
1012 PK Amsterdam, The Netherlands
Phone: (020) 27 51 81 Telex: 18536

Name: _____
Address: _____
Phone: _____

Low	Stock	Div.	Yld.	P/E	12-Mo High	Low	Open	Close	12-Month Low	Stock	Div.	Yld.	P/E	52-Week High	Low	Open	Close	
28	ITT Pitt	3.25	5.1	1	45%	47%	45%	45%	45%	47%	17%	Limited	2.7	7	28	149	21	47%
29	ITT Pitt	4.50	7.4	1	45%	47%	45%	45%	45%	47%	17%	Limited	2.7	7	28	149	21	47%
30	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
31	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
32	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
33	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
34	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
35	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
36	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
37	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
38	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
39	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
40	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
41	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
42	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
43	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
44	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
45	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
46	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
47	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
48	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
49	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
50	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
51	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
52	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
53	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
54	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%
55	ITT Pitt	1.44	11	11	44	44	44	44	44	44	17%	Limited	2.7	7	28	149	21	47%

94		93		92		91		90		89		88		87		86		85		84		83		82		81		80		79		78		77		76		75		74		73		72		71		70		69		68		67		66		65		64		63		62		61		60		59		58		57		56		55		54		53		52		51		50		49		48		47		46		45		44		43		42		41		40		39		38		37		36		35		34		33		32		31		30		29		28		27		26		25		24		23		22		21		20		19		18		17		16		15		14		13		12		11		10		9		8		7		6		5		4		3		2		1		0	
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BUSINESS ROUNDUP

Sony Planning
New Plant in
Eastern France

TOKYO — Sony Corp. of Japan said Thursday that its French subsidiary, Sony France SA, will build a factory in Alsace, eastern France, to produce compact disk players and electronic components for video recorders from the end of 1986.

The company said the factory, in Ribeauvillé, near Colmar, will play a central role in Sony's audio and video production in Europe.

Sony already has two factories in southwest France which produce audio and video cassettes.

The plant, which will have about 250 employees, will produce 10,000 players and electronic components for 5,000 units a month for sale in Europe, Sony said.

National Semi Has \$6.5-Million Loss

SANTA CLARA, California — National Semiconductor Corp., blaming the weakened semiconductor market, said Thursday that it had a loss of \$6.5 million in the fourth quarter ending May 31, compared with a profit of \$16.6 million for the like period in 1984.

Sales slipped 8.9 percent, to \$428.6 million, from \$470.8 million in the last quarter of 1984. The fourth-quarter loss came to 7 cents per share, compared with a per-share profit of 19 cents in the period ending May 31, 1984.

For the year, National Semiconductor's net profit fell 38 percent, to \$34.4 million, or 38 cents per share, from \$56.2 million, or 66 cents per share, in 1984. Sales were up 8.5 percent, to \$1.79 billion, from \$1.65 billion last year.

"Although we have made substantial efforts to minimize the effects of the current slump in semiconductors, we have not realized substantial improvement in our financial picture," said Charles E.

Sporek, president of National Semiconductor.

The company said that it increased its investment in research and development by 25 percent, to \$204.6 million, from \$158.5 million in the previous year.

In fiscal 1985, the company invested more than \$370 million in capital expenditures, up from the \$278.1 million in the year earlier.

Most of the capital expenditure was for plants and fabrication facilities in the United States and assembly and test equipment facilities for Southeast Asia.

Occidental Agrees to Sell
25% of Libya Holdings

LOS ANGELES — Occidental Petroleum Corp. said Thursday that it has agreed to sell 25 percent of its lucrative oil properties in Libya to the Austrian state oil company, OMV AG, for an undisclosed price.

The biggest share of Occidental's worldwide oil operations is in Libya, which accounts for about 30 percent of its production, or about 31 percent of the 1.01-billion barrel total. The sale to OMV is expected to be completed by the end of June.

National's problems are scaling back or abandoning planned expansions. And the U.S. Special Trade Representative office said this week that it would investigate complaints that Japan had "dumped" semiconductors on the U.S. market.

AT&T, Quotron
Join on Service

NEW YORK — American Telephone & Telegraph Co. said Thursday that it reached an agreement in principle with Quotron Systems Inc. to develop and sell a computer-based financial-information system.

The first customer for the system will be American Express Co.'s Shearson-Lehman Bros. unit. Shearson will use the system in its New York office, then extend it to all branches.

AT&T said it is not an equity investment by either company. The agreement provides for the joint marketing of the products and services of both companies.

AT&T said it will negotiate contracts for development, marketing and operations of the system, which is built around Quotron's Unix-based Q-1000 super minicomputer, and AT&T's Unix-PC and Starlink network.

Ford-Werke Posts \$99-Million Loss

COLOGNE — Ford Motor Co.'s West German subsidiary, Ford-Werke AG, reported Thursday a loss of 398.1 million Deutsche marks (\$99.3 million) for 1984, compared with a net profit of 150.6 DM a year earlier.

The managing board chairman, Daniel Goeudevert, said at a news conference that sales last year fell 4.2 percent, to 12.79 billion DM, from 13.35 billion DM in 1983.

But Mr. Goeudevert said an upward trend could begin in 1985. In the first five months of 1985, sales rose 5 percent from the year-earlier level, although production was 5 percent below the level in the corresponding period of 1984.

Measures to cut costs will not show results in the short term but will help a return to profit in the medium term, he said.

Last year's loss was the company's first since 1980. It was due largely to external factors such as high unemployment in Europe, high Japanese exports, stiff competi-

tion which led to discounting by dealers, and lower profit margins.

The fall in sales occurred in both Ford-Werke's domestic and foreign markets. Exports to the company's largest market, Britain, fell 25 percent as a result of a 2-percent contraction of the car market there, Mr. Goeudevert said.

He noted that the West German market is still suffering from reluctance by consumers to buy new cars until new European exhaust-emission standards are fixed.

Despite the fall in sales, the company's share of the domestic market in 1984 totaled 12.5 percent, up from 12 percent a year earlier.

During the year, Ford-Werke produced 792,000 autos, compared with 833,000 in the previous year.

STOCK	US\$	US\$
DeVoe-Holbein		
International b.	5%	6%
City-Link		
International n.	2%	3%

Quoted as of: June 20, 1985

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First Boston Splits Stock

NEW YORK — First Boston Corp. on Thursday declared a two-for-one stock split, effective July 3. It also declared a cash dividend of 50 cents a share, an increase from 30 cents a share.

COMPANY NOTES

Abu Dhabi National Oil Co. said its 60-percent owned subsidiary, Abu Dhabi Marine Operating Co., has discovered oil and gas in commercial quantities at two offshore wells, BU Hasir-1 and Belhassan-2. It gave no further details.

Amoco Corp. will sell its 13-percent equity in Madras Refineries Ltd. and 24.5-percent share of Madras Fertilizers Ltd. to the Indian government for the equivalent of 150 million rupees (\$120 million), sources said. Amoco had no immediate comment on the report.

Chesebrough-Pond's Inc. of Greenwich, Connecticut, said it has reached an agreement in principle with the managers of its Health-Tex children's medicine division to sell them Health-Tex in a leveraged buyout. No price was given.

Hewlett-Packard Co. said it has agreed to assemble its series 68 minicomputers and instrumentation for sale in China. The 10-year joint venture, China Hewlett-Pack-

ard Co., will be equally owned by the city of Beijing and the U.S.-based computer company.

Pechiney Ugine Kuhlmann SA, France's state-owned metal, chemical and mining company, said it is raising 800 million francs (\$87.3 million) through an issue of 4.25 million investment certificates.

Ranison Goldfields Consolidated Ltd., said it will spend about 60 million Australian dollars (\$40 million) to construct a synthetic rubber plant at Narangah in Western Australia with a capacity of 112,500 metric tons a year.

Yasuda Fire & Marine Insurance Co. of Japan, Skandia Insurance Group of Sweden and Continental Insurance Group of the United States have formed a joint venture, Panfinancial Insurance Co., in London, Yasuda said. The new company will cover political risks in international business such as those caused by war, nationalization, confiscation and foreign exchange regulations.

Delaware Court Ruling Affects Takeover Moves

(Continued from Page 17)

cal made to all of its shareholders by Mr. Pickens.

Only four days after the Unocal ruling, the Delaware Supreme Court in another takeover case heard oral arguments by Irving S. Shapiro, former chairman of Du Pont Co., against an anti-takeover method known as the "poison pill" used by Household International.

The case was brought to the court by a shareholder who opposed the plan. The use of this device was put into place by Household directors without stockholder approval at a time when no one was trying to acquire the company.

The "pill" makes a hostile takeover bid so expensive that it becomes impractical, Mr. Shapiro said in his argument before the Delaware Supreme Court.

The Delaware Chancery Court ruled in favor of Household, saying the company's directors had the power to implement the plan.

By making it almost impossible for a bidder to make an offer for Household without the blessing of

the directors, the device forces adversaries to deal exclusively with directors, Mr. Shapiro said. He said the SEC said the method is such a potent anti-takeover device that it eliminates shareholder participation by making hostile tender offers impractical.

While legal and investment banking experts speculate about what kind of decision the Delaware Supreme Court will eventually render in the Household case, they are engaged in a lively debate over the impact of the court's decision last month in the Unocal case.

In the aftermath of the decision, some experts say they think it has broad implications, while others argue that it is narrow in scope, applying only to future situations with facts similar to the Unocal case.

As if to anticipate this uncertainty, the Delaware Supreme Court said in its ruling on Unocal vs. Mesa that, "While we caution boards of directors of Delaware corporations that they do not have unbridled discretion to defeat any perceived threat to corporate control by any draconian tender offer, we are satisfied that in the context of this inadequate tender offer Unocal's action is not so irresponsible and unjustified."

In a telephone interview last week, Mr. Pickens said the decision would hurt stockholders by discouraging hostile takeover bids that increase stock prices.

"It was the most unusual decision that I have seen in my 35 years

as a businessman," Mr. Pickens said. "There is no doubt that it puts management into the driver's seat and puts them into a position where it is difficult to try to take over one of these companies."

He pointed out that once the decision was rendered he ended his takeover move and "the stockholders came out the loser."

As a result of the decision and his subsequent defeat in the takeover battle, Mr. Pickens says he is not looking for potential acquisition targets, for the first time in several years.

"We've lost a lot of enthusiasm for trying to take over other companies now because of that decision," he said. "I cannot believe how a Delaware court could allow a company's board of directors to treat shareholders differently. To me it is insane."

The Unocal decision also has been closely reviewed by Carl Leach and Irwin Jacobs, two other corporate raiders who disagree over its impact.

"I think the decision seriously curtails takeover activity because you really don't know where you stand," said Mr. Leach, a New York financier and arbitrator. "I think it might be tested again. The consequences of the decisions are not good for the American economy because it means you entrench management."

Mr. Jacobs, a Minneapolis investor, disagreed, saying "the decision is quite narrow in scope."

Village Voice Is Sold for \$55 Million

The Associated Press

NEW YORK — Rupert Murdoch, the Australian publishing magnate, on Thursday sold the weekly Village Voice to the industrialist Lord Sarnoff for \$55 million, a spokesman for both parties announced.

Mr. Sarnoff, chairman and chief

executive of Hartz Mountain Industries, had signed the contract to purchase the Voice, long a leading counterculture newspaper, the spokesman said.

Mr. Murdoch purchased the Voice in 1976, along with New York and New West magazines, for \$16 million. He sold New West for \$3 million.

NOTIFICATION TO ALL PERSONS WHO RECEIVED COMMON STOCK OR DEBENTURES OF SAXON INDUSTRIES, INC. IN EXCHANGE FOR COMMON STOCK OR DEBENTURES OF STANDARD PACKAGING CORPORATION BY REASON OF THE 1970 MERGER OF STANDARD WITH SAXON AND WHO SOLD SUCH SAXON SECURITIES AT A LOSS OR WHO CONTINUED TO OWN SAID SAXON SECURITIES ON APRIL 15, 1982 AND HAVE SUFFERED DAMAGES THEREBY AND TO ALL PERSONS WHO PURCHASED DEBENTURES OF SAXON INDUSTRIES, INC. AFTER APRIL 15, 1982

An action is pending in the United States District Court for the Southern District of New York, S.D.N.Y. (S.D.N.Y. 1982 Civ. 3760) (the "Lewin Action"), on behalf of all persons who received securities of Saxon Industries, Inc. ("Saxon") in exchange for securities of Standard Packaging Corporation ("Standard"). The parties to this litigation have entered into a Stipulation of Settlement, dated March 21, 1985, and the Court in the Lewin Action has scheduled a hearing on August 1, 1985 (the "Hearing"), to determine, among other things, whether the proposed settlement should be approved as fair, reasonable and adequate, plaintiff's application for attorneys' fees and expenses and any assertions of interest by any persons who purchased Saxon debentures after April 15, 1982 ("post-petition debenture purchasers"), as assignees or transferees of the claims of any member of the Class.

A form of notice describing the Lewin Action, the settlement and the matters to be considered at the Hearing (the "Notice"), together with a proof of claim form (the "Proof of Claim"), has been mailed to all persons whose names appear on the stock transfer records and debenture lists of Saxon as having received Saxon common stock or debentures in the 1970 merger of Saxon and Standard or as purchasers of Saxon debentures after April 15, 1982, at the addresses specified therein. If you are or were a beneficial owner of Saxon common stock, Saxon 6% Subordinated Debentures due 1990 and/or Saxon 8 1/2% Convertible Subordinated Debentures due 1990 as received and wish to participate in the Hearing, or object to the proposed settlement, or submit claims for participation in a fund created in connection with the proposed settlement, but have not received the Notice and the Proof of Claim in the mail, you should first obtain copies of the Notice and the Proof of Claim by writing to:

Lewin v. Lurie Litigation
P.O. Box 922
Wall Street Station
New York, New York 10005
or telephoning 718-236-2337. Alternatively, if you are a member of the Class but wish to be excluded from the Class (such exclusion would prevent you from participating in any settlement fund but would also mean that you would not be bound by any judgment entered in the Lewin Action), you should submit a request for exclusion to:

Clerk of the Court
United States District Court for the Southern District of New York
Foley Square
New York, New York 10007
or telephoning 212-312-3200. Alternatively, if you are a member of the Class but wish to be excluded from the Class (such exclusion would prevent you from participating in any settlement fund but would also mean that you would not be bound by any judgment entered in the Lewin Action), you should submit a request for exclusion to:

Lewin v. Lurie Litigation
P.O. Box 922
Wall Street Station
New York, New York 10005
or telephoning 718-236-2337.

Objections to the proposed settlement or the assertion of an interest in connection therewith will not be considered unless filed with the Court and served on those counsel listed in the Notice on or before July 11, 1985. Failure to comply with the instructions contained in the Notice will preclude subsequent objections or assertions of interest. Failure of Class members to file the Proof of Claim on or before October 1, 1985, or such other date as the Court may fix, will preclude Class members from participating in the fund created in connection with the proposed settlement. The Stipulation of Settlement, if approved by the Court, will determine and resolve the claims of all members of the Class to whom this notification is addressed (see above), except those requesting exclusion, whether they participate in the settlement or not, and will also determine and resolve all claims, if any, of post-petition debenture purchasers, as assignees or transferees of members of the Class.

Floating-Rate Notes

June 20

Dollar

Issuer/Rate

Company Name Bid Ask

Alcoa 7 1/2% 101.00 101.00

Allied 7 1/2% 101.00 101.00

Amoco 7 1/2% 101.00 101.00

Amstar 7 1/2% 101.00 101.00

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U.S. Futures

June 20

Grains

WHEAT (CBT)

CORN (CBT)

SOYBEANS (CBT)

SOYBEAN OIL (CBT)

SOYBEAN MEAL (CBT)

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Food

June 20

COFFEE (CBT)

SUGAR (CBT)

COCOA (CBT)

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Metals

June 20

COPPER (CBT)

ZINC (CBT)

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Bundestbank Report Sees Rebound

(Continued from Page 17)

unemployment and uncertainty

about the economy's future.

Unemployment continues to be

fuelled by layoffs in the construction

industry, although new hiring in

the electrical and chemical in-

dustries has partly offset that, the

Bundestbank noted. The jobs total

in the construction sector alone

is thought to be well over 200,000.

In May, unemployment was at

2.19 million, or an unadjusted 8.8

percent of the work force — the

highest rate for that month since

1950.

Domestic orders to manufacturers

in the first four months out-

paced orders in the same period in

1984 by 6 percent, measured by

volume, and foreign orders jumped

12.5 percent, the Bundestbank re-

ported. Against a strong fourth

quarter last year, domestic orders

in January-April were up 3 percent

while foreign orders climbed 4 per-

cent. Leading the buoyant capital

goods sector were data-processing

and factory-automation systems.

The Bundestbank said West Ger-

man industry had improved its

market share abroad not only be-

cause of the strong dollar but also

because of price advantages owing

to low domestic inflation.

Continental Airlines Inc. of the

United States has recruited Colin

Hughes from Cathay Pacific Air-

ways Ltd. to head a restructured

management team. Mr. Hughes

becomes general manager, Aus-

tralia, and Richard Hersel, for-

merly regional director, Australia,

takes over the new position of di-

rector of marketing services. Aus-

tralia.

ICL Australia Pty. Ltd. has ap-

pointed Chris Wilkinson as gen-

eral manager. Mr. Wilkinson was

previously the British-based com-

puter group's vice president for

marketing for the Asia-Pacific re-

gion.

Messano Europe SA has cre-

ated three general manager posi-

tions. John T. Marvel, previously

head of Monsanto's worldwide agri-

cultural-products research in St. Louis,

Missouri, has moved to Brussels as

general manager, science and tech-

nology, responsible for research

and development strategy in Eu-

rope and Africa. Gustaaf M.

[illegible]

